Lira: why the Bank of Italy declined to intervene, Page 14

No. 29,683

Wednesday July 24 1985

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#### World news

#### Lebanese port hit to agree by Israeli cut in gunfire

Four Israeli war ships shelled the OPEC MINISTERS meeting in Gesouth Lebanese port of Sidon, setting a Honduran-registered freight-er ahlaze and pounding the posi-tions of Moslem militia who tried to beat off their attack.

Eyewitoesses said the ships fired dozens of shells at the port for 45 minutes, causing an uncontrollable fire on the 998-tonne Lebanesevessel Roule, wounding three of its seven-man crew and six

Meanwhile, Israel is scheduled to free 100 Lebanese detainees today as part of a phased release of prisoners taken in the war in Lebanon.

#### Ship blast charges

New Zealand police charged two people with bombing the Greenpeace protest ship Rainbow Warrior and murdering a man on board. Po-lice would not identify the pair, but said they would appear in an Auckland court today. Page 3

#### U.S.-China accord

President Ronald Reagan verbally approved a nuclear co-operation reement with China and it could be signed soon, said White House spokesman Larry Speakes.

#### Resignation demand

3 1

Austria's farmers' union called for ister Günter Haiden over the scandal of Austrian wines found containing a toxic chemical used in vehicle anti-freeze. Page 2

#### Oii agreement near

Israel said it is close to an agreement to buy oil from a producer country that would end a longstanding boycott by Opec but declined to name the country.

#### Spaniards questioned

Pedro Martin Cubelles and Jesus Martinez Figarda over the killing of Blanco Briones in Harare, Police said the two Spaniards dined with the ambassador on the night before

#### Korean taiks pianned

North and South Korean officials met for the first time in 40 years to arrange talks on reunifying the penisula, but failed to agree on an agenda. However, the two sides agreed in principle for future sessions between 11 lawmakers from each side.

#### Union leader killed

A Spanish communist trade union eader. Jose Gonzalez Alcaraz, and his wife were killed in a shotgun attack at their home near Murcia,

#### West Bank search

Israeli forces searched the Arab West Bank for Israeli school teachers Yosef Eliahu, 35, and Lea Almabeen killed by Palestinian guerril-

#### **Haitian victory**

The Haitian Government claims an overwhelming victory in Monday's referendum on constitutional changes that confirm M Jean Claude "Baby Doc" Duvalier as President-for-Life and allows him to choose a successor.

#### Afghanistan attacks

Western diplomats reported heavy Soviet bombing of rebels in Afghanistan's strategic Panjsher valley and guerrilla rocket attacks in the capital, Kabul which killed seven Soviet citizens. Page 3

#### Cheaper post

Britain's Post Office is to cut the price of a second class letter by 1p to 12p (17 cents) from November 1, the first such reduction since the introduction of the penny post in 1840. Background, Page 6

#### Business summary

## **Opec tries** oil price

neva to try to set a new pricing structure last night discussed an interim compromise under which the price of heavy crude oil would be cut by 50 cents to help to restore the competitiveness of Saudi Arabian output. Venezuela said the cut was not enough. Page 14

WALL STREET: The Dow Jones industrial average closed down 5.83 at 1,351.81. Page 36

12,762.83. Page 36

LONDON equities were unsettled by currency movements although gilts advanced. The FT Ordinary share index closed 4.2 down at 921.1, a new low for the year.

DOLLAR weakened in London closing at DM 2.8505 (DM 2.898), FFr 8.86 (FFr 8.7975), SwFr 2.34 (SwFr 2.3785) and Y237.9 (Y240.05). On Bank of England figures, the dollar's exchange rate index fell to 137.4 from 139.0. Page 29

STERLING gained 2.2 cents against the dollar in London to \$1.411 and also rose to DM 4.03 (DM 4.025), FFr 12.21 (FFr 12.2075), SwFr 3.3025 (SwFr 3.3) and Y336.0 (Y333.5). The Austria's farmers' union called for pound's exchange rate index rose the resignation of Agriculture Min-

GOLD: In New York the Comex August settlement was \$318.30 rose \$3.75 on the London bullion market to \$322.0 and \$4.15 in Zurich to \$321,50. Page 28

EEC foreign ministers authorised their executive commission to con-tinue negotiating steel export quotas to the U.S., which has threat-ened tough limits on EEC steel sales from August 1 if no agreement is reached.

THE INTERNATIONAL Monetary Zimbabwa police are questioning Fund has postponed a decision on a new credit package for Morocco because it is not satisfied with Morocco's efforts to correct economy im-

> U.S. consumer prices rose a modest | which he roundly condemned apar-0.2 per cent in June, matching the May increase to leave America's annnal inflation rate unchanged at 3.7

COFFEE price slide continued in London, although proposals for a cut in export quotes drew a cool re-sponse. Robusta futures fell a fur-

ther £104 to £1,487.50. Page 28 EEC countries' inflation rate was an average 8 per cent in June. Greece's was highest, at 172 per cent, and West Germany's lowest, at 23 per

U.S. joined Japan and the EEC in

calling for the Multi-Fibre Arrangement to be extended when it runs out in a year. Page 4

BORG-WARNER, U.S. automatic transmission group, reached a six-year pay agreement with British unions giving a large degree of flex-ibility in working practices. The deal has saved some 600 jobs at the U.S. group's plant in Wales. Page 14 IMPERIAL OIL, Exxon's 70 per

cent-owned Canadian subsidiary, cent-owned Canadian sinsimary, raised second-quarter net earnings to C\$152m (\$108m), or 94 cents a share from C\$128m last year. Revenues rose from C\$2.21bn to

EXXON of the U.S., the world's higgest oil company, suffered a 45 per cent drop in second-quarter earnings to \$745m after setting aside 5545m for possible losses because a court ruled it had overcharged for

WESTERN UNION, U.S. telecommunications group, returned a second-quarter net loss of \$9.7m, down sharply from the \$15.3m deficit in the first three months. Page 15 MONTEDISON, Italian chemicals

group, is thought to be working on an agreement with BI-Invest, a holding company in which it attempted to buy a controlling stake but which also holds shares in Montedison. Page 17

## JMB accountants Arthur Young to sue Lawson for libel

BY MARGARET HUGHES IN LONDON

MR NIGEL LAWSON, Britain's Chancellor of the Exchequer, is to be sued for alleged libel by Arthur Young, one of the UK's biggest accountancy firms and auditors to Johnson Matthey Bankers (JMB) before its collapse and rescue by the Bank of England last autumn. This is thought to be the first time this century that a British minister has faced a libel action.

Arthur Young's announcement of TOKYO shares eased further from recent high levels with a 8.83 dip in the Nikkei-Dow market average to of the Bank of England, claiming damages and interest for alleged breach of contract and/or negligence in the firm's capacity as auditors and accountants of JMB for the financial years to March 1982, 1983

and 1984. Arthur Young said last night it would issue a writ against the Chancellor today claiming damages in respect of statements he made in hroadcasts on BBC radio and television and on Channel 4, a commercial television channel, on June 20.

This was the day he made his first statement to the House of Commons on JMB. A Treasury spokesman said last night that no comment would be made until the

STR GEOFFREY Howe, Britain's.

Foreign Secretary, yesterday firmly opposed the adoption of economic sanctions of any kind against South

Africa as a way of putting pressure

on the Pretoria Government to end

In a speech to the Royal Com-

theid as "unacceptable, unworkable and indefensible," Sir Geoffrey

sanctions because they would be in-

The Foreign Secretary's unequiv-

did not intend to withdraw its am-

bassador from Pretoria, is likely to

be sharply criticised by the opposi-

Sir Geoffrey argued that sanc-tions against Rhodesia had merely

tion Labour Party.

nevertheless ruled out econon

effective and counterproductive.

ealth Society in London, in

its apartheld policies.

Arthur Young said that it bad no facts or matters on which JMB is complaints against Mr Lawson's basing its allegations. The issue of statement to the Commons - where in any case British MPs' remarks have immunity from defamation proceedings - on June 20 when he said: "The circumstances described in the Bank of England's report on the JMB crisis must inevitably raise questions about the role of auditors Arthur Young." But it is claiming that his statement on ra-

dio and television went "much fur-

ther" and sought to "prejudge" re-

sponsibility against the firm. Since the full facts were not available at that time and had not been considered, Mr Lawson's statements "seriously compromised" Ar-thur Young's position in any rele-vant proceedings, Arthur Young said. The matter had been raised with the Chancellor by letter but no response had been received, they

The Bank of England said yesterday that its writ was part of the legal process which Mr Lawson told the Commons on June 20 thet JMB would be initiating against Arthur Young. It added that the level of damages would be quantified at a

ered, there was no indication of the

Pretoria issued the names of 441

ople arrested without charge

the first three days of the state

of emergency and said a further 60 people had been charged with criminal offences. Page 16. The

Netherlands is pressing for the EEC code of conduct on labour

nies operating in South Africa to

pense of blacks. "The South African

economy is much stronger and

more diversified than was Rhode-

by black South Africans. They would also affect the economies of

South Africa's neighbours, even if the latter did not formally partici-

Britain opposed sanctions be-

be made compulsory. Page 2

against South Africa

relations for Euro

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

ocal stand, coming after Sunday's sia's. It would undoubtedly adapt to statement by Mr Malcolm Rifkind, Minister of State at the Foreign and Commonwealth Office, that Britain measures would be felt most keenly

served to strengthen parts of the cause "we believe that economic

white business sector at the ex- growth in South Airlca offers the

basing its allegations. The issue of

This latest twist in the JMB affair follows last week's announcement in the Commons by Mr Lawson that the City of London police were to investigate whether criminal offences were involved in the collapse

Bank of England last September, losses at JMB, then a subsidiary of the Johnson Matthey chemicals and refining group, totalled £248m (\$348m), more than half its book value of £400m. As part of the rescue the Bank of England has injected £100m of capital and put up balf the £68m provided by UK banks to cover its losses.

Rachel Davies writes: It is not un

known for British ministers to be sued for exceeding their powers, Arthur Young said that, since no but cases in which they are sued for statement of claim had been delivbut cases in which they are sued for

ening those internal economic for-

the writ thus took the matter no further than JMB's earlier declar ation of its intention to claim against the firm. Arthur Young said it would be "vigorously defending the proceedings and was "confi-dent" that it would be established that the audit was carried out to "appropriately high professional standards.

of JMB. At the time of its rescue by the

> company.
>
> American Express and Geico also ance operations.

Continued on Page 14

# **UK** rules out sanctions

most likely route for peaceful politi-cal change," Six Geoffrey said. Ways should be found of strengthquency.

The two companies said they were discussing "specific business arrangements" involving a potential said entering a potential said entering a potential said entering a specific said they were s ces, particularly the growing eco-nomic power of the black communi-ty and its trade unions. The applicatial reinsurance quota share agreement and the possible sale of Geico's insurance products through tion of sanctions would mean an

However, the British Govern-Last month, American Express ment's rejection of economic sanctions should not leave South Africa in any doubt about Britain's "abhorgroup would retain the insurance rence of apartheid and all the reunit's profitable life insurance operpressive measures used to enforce

American Express's continuing It was not for Britain to propose cut-and-dried solutions, but South African society must evolve in a way which would command the support of the South African people as a whole, the Foreign Secretary said. The most urgent priority was

## American Express in salvage insurer

By Paul Taylor in New York

AMERICAN EXPRESS, the hig U.S. financial services group, yes-terday announced a further \$187m addition to loss reserves at its trou-bled Fireman's Fund insurance business and brought in an outsider to head the group's insurance holding company.

Fireman's Fund, in common with other U.S. insurers, has been hit by heavy losses on its property/casu-alty business. Including the new reserves – for losses in 1983 and earlier - property casualty operations suffered a \$85m loss in the second quarter of 1985, largely offsetting gains in American Express' other

The new chief at Fireman's Fund will be Mr John J. Byrne, chairman and chief executive of Geico, a major U.S. motor insurance group. He will replace Mr Sandy Weill as chairman and chief executive of the Fireman's Fund insurance holding

revealed that they are discussing possible links between their insur-

The planned Fireman's Fund management change follows the surprise announcement last month that Mr Weill was resigning as American Express president and bead of the Fireman's Fund subsidiary. Mr William McCormick, who moved to Fireman's Fund with Mr Weill when its problems first sur-faced in late 1983, will remain chairman and chief executive of Fireman's Fund Insurance, a subsidiary of the insurance holding group.

Geico, based in Washington, has managed to post sustained underwriting profits and growth over the past several years following an ear-lier earnings slump but has recent-ly hit renewed problems caused in part by an increase in claims fre-

American Express distribution channels.

announced a planned restructuring of Fireman's Fund under which the

problems with its property casualty insurance operations, which remain a serious drag on the group's financial performance, were underlined by its second quarter and first half results announced yesterday.

## Paris to slash new bid to capital aid to state industry

BY PAUL BETTS IN PARIS

of its general efforts to hold down Capital grants to state companies will decline to FFr 8.2hn (\$943m) will decline to FFr 8.2hn (\$943m) next year, causing a FFr 8bn revenext year from FFr 13.5bn this nue shortfall for the Treasury. year. Profitable groups in the state sector will be asked to pay dividends to the state.

Senior monetary officals said yesterday that the Government felt that nationalised companies which had returned to profit could now raise funds on private capital markets through a number of new financial instruments such as nonoting preference shares or nonvoting loan stock.

The Government also felt that it was now entitled to receive dividends from these companies after supporting them during the past years in their restructuring efforts. There will be two major excep-tions to the more rigorous industrial capital grants policy. The Government has decided to continue car group, and the steel industry. Minister, and M Pierre Beregovoy,

M Laurent Fabius, the Prime the Economy and Finance Minister, have now finalised the public spending plans in the 1986 budget lue to be announced in the next few

THE FRENCH Government is re- days. The fiscal or revenue side of ducing sharply its financial support the budget is scheduled to be comto state industries next year as part
pleted by the end of the summer. The Government has already public spending in the 1986 budget. said, bowever, it would reduce income tax by a further 3 per cent

> M Beregovy is also planning to introduce fiscal incentives to en-courage French industrial invest-ment. This is expected to involve tax deductions for enterprises which reinvest their profits for investments. The Government is particularly worried that the current tentative recovery in industrial investment could be stifled later in the year as industrialists postnone spending plans because of the March 1986 parliamentary election.

The spending plans for 1986 are designed to bold down the increase in public spending next year to 3.9 per cent above the FFr 995hn total in this year's budget.

The figure, however, includes a 17.8 per cent increase in French naernment has decided to continue giving substantial support to Renault, the financially troubled state tional debt interest payments which are estimated to total nearly FFr and the financially troubled state to the financial troubled state. pact of the public debt interest payments, public spending next year is due to rise by 2.8 per cent. This would represent a real cut in spending because inflation is estimated at 3.7 per cent for 1986.

Continued on Page 14

## Toyota to build cars in North America

BY CARLA RAPOPORT IN TOKYO

the U.S. and 50,000 cars a year in creasing trade friction between the Canada by 1988. The sites for the U.S. and Japan. plants have not yet been selected. Toyota also intends to increase the output of its California joint venture with General Motors (GM)

by 50,000 units by next autumn. The company declined to put a figure on the investment, but industry analysts inTokyo estimated that will spend at least Y150bn (5625m) on the new production fa-

Honda and Nissan are already producing cars in the U.S. and Mazda and Mitsubishi Motors are to begin U.S. manufacture.

TOYOTA, Japan's leading car mak- its decision vesterday. It is underer, said yesterday that it would stood, however, that the company is build car plants in the U.S. and Canandous to maintain its market ada in a move that could cost up to share in the U.S. despite recent £450m (\$635m). curbs on Japanese car exports. Further, local U.S. production is seen ed to produce 200,000 cars a year in as a step toward defusing the in-

Production at the GM-Toyota joint venture in Fremont, Califor-nia, began last year. Toyota is expected to buy out GM's share in the plant when the agreement expires in 1993. As a result, Toyota should bave total sales of more than 1m cars in the U.S. by the early 1990s.
Toyota said yesterday that the
extra production at the Frenont
plant would be a variation of the

Toyota last year exported 552,000 cars to the U.S. and this year has Toyota, refused to elaborate on agreed to restrict exports to 817,000.

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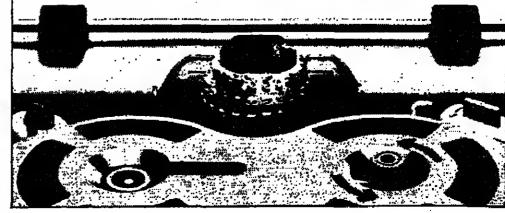
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## EEC fails to agree on tariff levels for Japanese VCRs

pate in a sanctions policy.

BY QUENTIN PEEL IN BRUSSELS

corders (VCRs), imported mainly from Japan, and simultaneously reduce tariffs on microchips.

and films, alarm clocks and semiconductors. The 17 per cent tariff on semiconductors would have been The proposal put forward by the cut to 12 per cent.

European Commission, to take effect from the end of the year when the current voluntary restraint agreement between Japan and the EEC on VCRs runs out, fell between the protectionist and liberalising lobbies within the Community. ment between Japan and the es within the Community. It was opposed by West Germany because it would involve increased

tariffs, and equally opposed by Italy and Ireland because of the planned out in semiconductor (microchip) tariffs. A new attempt to reach agreement will now be made by industry ministers tomorrow.

ed cost to consumers of some \$500m

EEC TRADE ministers yesterday a year. In return, the Commission failed to agree on a move to sharply suggested reducing tariffs on electronic calculators, magnetic tapes

The move to change the present voluntary restraint agreement for increased tariffs, strongly criticised by Japan, is most enthusiastically supported by France. The present deal restricts the number of Japanese VCRs imported this year to 2.25m completed machines and

1.7m chassis kits. The Commission plan was sent to yesterday's meeting of foreign and trade ministers from their national officials, who had registered total disagreement. France, Britain and The Commission proposal was to the Netherlands were prepared to raise the present 8 per cent tariff on accept it without enthusiasm, but VCRs to 14 per cent - at an estimat West Germany, Italy and Ireland

Both Italy and Ireland have mic-rochip manufacturers they wish to protect, while Britain has been a long standing proponent of reduced tariffs on an important input to the UK electronics industry. West Germany opposed on trade liberalisa-

to create a climate of confidence

which would permit a real dialogue with the genuine leaders of the

Continued on Page 14

Prospects of early agreen seemed remote yesterday, with several member states arguing that a more comprehensive package, inchiding a wider range of key Japanese imports, was required.

The industry ministers will, how-

ever, be able to decide the question by qualified majority, rather than a unanimous vote. A German attemp to insist on unanimity was over-ruled by legal advice from the Council of Ministers, which con-cluded that it fell under Article 113 of the Rome Treaty which allows for majority voting.

EEC plans retaliation, Page 4

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## Austria's winegrowers fight back

freeze wine scandal spread steadily wider bere, as Austrian

Agriculture Minister. nised

The harsh words came at a letbal. news conference here called by the general Austrian farmers federation (AOBV), in an attempt to limit the severe damage inflicted upon the country's wine industry by the scandal, above all in the key West German market which takes 75 per cent of all Austrian wine exports.

Almost simultaneously however, the Bonn Health Ministry published a second list of brands of Austrian wines containing quantities of diethylene glycol, the artificial sweetzer

In Hanover, meanwhile, the

**Experts** 

discuss

aircraft

terrorism

By Rupert Comwell in Bonn

EXPERTS from the "big seven"

Western industrial nations meet in

Bonn today to discuss protection

against air terrorism - but with

little indication that they will agree on the general ban on Beirut air-

The talks, embracing senior offi-cials from the U.S. Canada, West Germany, France, the UK, Italy and

Japan, are regular, biannual affairs.

German Justice Minister, this week

called for internationally co-ordi-

nated boycotts of airports in countries such as Lebanon, which give

shelter to terrorists and hijackers,

or of those where security is patent-

Aer Lingus

record profits

Aerospace Correspondent

RECORD pre-tax profits of

1f14.3m (f11.2m) for the year

to March 31 were announced yesterday by Aer Lingus, the

Irish State-owned airline. This compared with pre-tax profits

of I£8.5m in the previous year.

Dr Michael J. Dargan, chairman, said in Dublin that it was a creditable performance

to move from break-even two

years ago to the point of achieving an 11.5 per cent

return on capital employed. However, the profit was "short

of the level required to tackle

net profit is our next objective."

1984-85 amounted to I£11.6m.

executive of Aer Lingus, said the airline's results showed a

growth of 8 per cent in passenger traffic originating

Total passengers carried

amounted to 2.2m, a slight fall

Mr David Kennedy, chief

"A further doubling of our

fleet replacement needs

outside Ireland.

on the previous year.

announces

By Michael Donne,

port sought by Washington.

ties reported a new discovery of limited amounts of wine wine growers yesterday from the Burgentand region of limited amounts of wine from the Burgentand region of launched a counter-offensive by bitterly attacking wine merto 16 grammes per litre of chants in their own country, diethylene glycol. This compared with the level of of Herr Guenter Haiden, the Agriculture Minister.

The harsh wards came at a lethylene growers with the level of 14 grammes per litre recognised officially as potentially lethylene.

bring to 250 the number of brands of sweet Austrian wine in which the contaminant to In which the contaminant has been found.

So far there bave been no reports of consumers falling ill through drinking the wine. But the embarrassment of the Bonn authorities over their allegedly tardy awakening to the poten-tial threat was compounded by a new twist to the saga yester-day—the discovery for the first time of German white wine in which diethylene glycol was

Only two varieties have been

Rhine-Hessen producing district, and both contained only 0.2 grammes per litre of the pollu-

Although It is not clear just bow the German wines came to be doctored, the news alone could cause difficulties for the national wine industry here, which bas so far successfully

The Austrian prodocers called here for severe punishment for those at home found responsible for the affair. It was not the wine growers, but wine merchants "and the people behind them," who had brought the scandal about, they

According to their spokesman, evidence of doctored Burgenland wine had first surfaced in 1982, but this had not been followed np. On occasion growers who had protested "bad

THE SLICK of the great anti- Lower Saxony health authori- identified. Both are from the been threatened." been threatened."

A "wine mafia," complete
with political protection, had
brought an "bonest product,
honestly mannfactured," into

disrepute, and had "criminally damaged" the interests of pro-ducers and consumers alike, the federation claimed. The Minister should step down, they said. after his failure to stop the Agencies add: A big hunt bas

been launched in the north of England to track down bottles of doctored Austrian wine as two more were discovered yesterday by consumer protection officers with South Yorkshire Council. One was found last week.

"Solidarity in the struggle against the wine maña—wine lovers and vintners fight back" proclaims the poster (right) at a news conference called yesterday in Bonn hy the Austrian farmers' federa-



West German fast-breeder nuclear project faces more hurdles, writes John Davies

## Controversy dogs Kalkar's slow step towards start-up

WEST GERMANYS fast breeder cellor Helmut Kohl nuclear reactor, one of the Nuclear experts b struction projects, is becoming increasingly caught up in poli-

date approaches.

The project at Kalkar near the Dutch border has been under way for nearly 12 years and its cost has risen to about DM 6.5bn (£1.6bn) from the project. It might, for integral and the project of allow as much DM 1.5bn.

Now that crucial steps leading to a start np are to be taken within a matter of months, the within a matter of monus.

Social Democratic (SPD) possible that a federal-state conformment in the local state lision might spark off a case before the Constitutional Court their respective powers. of North Rhine-Westphalia is before the Constitutional Court voicing further doubts about their respective powers. allowing it to go abead.

Herr Johannes Rau, the state looking concrete complex which

But they have taken on a special urgency after the TWA hijacking to Beirut, and the suspected midair explosion that destroyed the Air-India jet off Ireland last month. Options likely to feature in the discussions are tighter controls at airports, closer baggage scrutiny and the possible introduction of armed in-flight "sky marshals" to block hijack attempts. Herr Hans Engelhard, the West with plutonium fuel, cannot be

Nuclear experts believe that Kalkar will go ahead even if the state Government digs in its beels, because the federal Gov-

stance, seek to allow as much scope as possible for anti-nuclear objectors to take court action challenging Kalkar. It is even

Premier, is concerned about has been the scene of protest safety precautions and bas demonstrations, was conceived queried whether Kalkar makes as a cheap, self-sustaining source of electricity. He has indicated of electricity. He has indicated bishing its own fuel supply.

With a 300 megawatt capachy. start-up, such as permission to it was viewed as a prototype for allow the breeder to be stocked further developments.

As costs continued to escalate West Germany's electricity utilities agreed to bear a heavier taken for granted. West Germany's electricity
Other state Ministers have sown seeds of doubt, sensing that the issue could become a serious embarrassment to Chan-

Heinz Riesenhuber, the federal eye on British proposals to build Research Minister, in April a new plant at Doumeay In a new plant at Dounteay in Scotland by the mid-1990s to reprocess spent fuel from breeder reactors. "It is possible that the British will come into The federal Government com-mitted itself to provide DM tical controversy as its startup declared to be dec the market and try to undersell the French," one nuclear expert

electricity utilities. Anti-nuclear campaigners Some critics of Kalkar stress have had some successes in

The still-incomplete, Kalkar reactor, already one of the country's most expensive construction project, looks set to become a political football between Bonn and the State Government of North Rhine-Westphalia.

that there is still no definite arrangement to deal with the spent fuel from the fast breeder reactor. But nuclear experts power stations, which generated claim that the electricity 27.6 per cent of the electricity utilities involved want to leave options open rather than bind themselves to the reprocessing of spent breeder fuel in France.

The West Germans bave their "weak links" in the nuclear

programme. Apart from the fast breeder, these include the costly DM 4bn high-temperature reactor being built at Schme-hausen, and projects for dealing with nuclear waste and spent nuclear fuel. Court actions earlier this year

gave rise to uncertainty about plans for dealing with the growing amount of spent fuel from the country's light-water nuclear

One court halted deliveries of spent nuclear fuel to the recently-completed intermediate storage depot at Gorleben in Lower Saxony. The depot had just taken deliverly of various types of nuclear waste and was about to accept its first deliverics of spent fuel. Another court then halted

work on construction of a similar intermediate storage depot at Ahaus in North Rhine –Westphalia, The cases are "frozen" until the Constitutional Court

rules later this year on a complicated point concerning the legal basis for approving construction of nuclear storage

waste, such as contaminated gloves) until it can be reprocessed or stored permanently after having cooled off for some

So far West Germany has sent much of its spent fucl to France for storage and reprocessing. But West Germany recently decided to build its own nuclear reprocessing plant at Wackersdorf in Bavaria at a cost of DM 5.2bn.

Nuclear experts say that the Gorleben and Ahaus court orders have caused no problem so far, as nuclear power stations can keep spent fuel in their own storage racks or send it to France. Even if the depots remain halted, a storage pond could be ready at Wackersdorf to take spent fuel from about 1987, even though the reprocessing plant is unlikely to be in operation before the early to mid-1990s.

However, to add in the uncertainty, SPD politicians in Bavaria have warned that the Wackersdorf reprocessing plant might not be allowed to go shead if the SPD wins the next facilities.

Gorleben and Ahaus are supfederal election in early 1987.

which has produced considerable unease within the ruling Socialist Party, has been regarded by business as a test of the Government's determination to press ahead with tough economic policies after the departure of Sr Miguel Boyer as Finance Minister earlier this month.

The bill, first presented to Congress in May, provoked separate protest campaigns by the Socialist UGT union federation, whose leader, Sr Nicolas Redondo, is a Socialist Deputy in Congress, and by the Communist-led workers' commissions, which staged an attempted

The final version of the bill. which sets new rules for future pensioners and is seen by unions as destroying acquired rights, includes five amendments introduced in the

Sr Redondo said be still opposed the reform although, along with the right-wing opposition, he abstained n the vote on the amendments. The bill was passed in an extraordinary session called in order to get this and other pending legislation out of the way before the summer break. The Government argues that the new system, due to take effect from

bilities for fraud and abuse and includes inflation proofing.

The reform, being pushed through before the other parts of a promised general overhaul of the

## **Dutch airline orders**

10 Boeing twin-jets BY LAURA RAUN IN AMSTERDAM

ta cost of Fi 1.1 tial replacements for its ageing DC-9 fleet.

be delivered between September 1986 and March 1987 and will be used on more heavily travelled European routes. KLM recently or-dered 10 Fokker 100 aircraft with 100 seats at a cost of F1 700m for use on less travelled European destina-

The aircraft orders are part of an ambitious FI 5bn investment programme over the coming five years that includes replacement of KLM's entire fleet of 19 DC-9s. There was speculation in the Dutch press yes- ment requirements.

KLM ROYAL Dutch Airlines has terday that KLM would use the new ordered 10 Boeing 737-300 aircraft Boeing 737-300s only temporarily. tial replacements for its ageing modern craft such as the Airbus A-320 would be purchased. The The 124-seat Boeing twin-jets will 737-300 is an updated version of the older Boeing 737.

KLM said yesterday that it expects a "reasonable" profit on 5 per cent higher air traffic revenue this year, primarily stemming from Far Eastern, North and Central American routes. The airline also said it planned to increase its European destination and flying frequency. The new Boeing and Fokker air-

craft promise better fuel economy than the outdated DC-9s and will meet more stringent noise abate

#### New Caledonia move 'inevitable'

the French territory, torn by political strife, was "inevitable."
M Pisani was named Higb Com-

last December by France's Socialist Government and sent there at the height of political unrest between

missioner to the Pacific territory

PARIS - M Edgar Pisani, Minister pro- and anti-independence forces, for New Caledonia, said yesterday He has since been appointed minister and is based in Paris.

a bastion of the opposition, on Tues-day during debate on a Bill, adopted on June 4 by the Socialist-con-trolled National Assembly, on the future of New Caledonia.

#### **NOTICE OF REDEMPTION** To the Holders of

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137/1/2 Notes Due August 18, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 6 of the Fiscal Agency Agreement dated as of August 18, 1982 among IBM Credit Overseaa N.V. (the "Issuer"), IBM Credit Corporation (the "Guarantor"), and The Chase Manhattan Bank (National Association) as Fiscal Agent and Paying Agent, all the above-mentioned Notes (the "Notes") will be redeemed on August 18, 1985 (the "Redemption Data") at the price of 101.75% of their principal amount, togethar with interest accrued to the Redemption Date. Payment will be made upon presentation and surrender of the Notes at the being listed paying agencies, togethar with all appurtenant coupons maturing aubsequent to the Redamption Date, failing which the amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Notes shall cease to accrue from and after the

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of the same of the

## Netherlands tables EEC foreign policy plan

PROPOSALS FOR increased The Dutch proposals go seeking to build a new institution of the policies. The Dutch proposals go seeking to build a new institution of the policies o PROPOSALS FOR increased the Netherlands The plans will form part of

the preparation by top-level national officials for the inter-Luxembourg in September,
They will be considered alongside British and Franco-

German drafts for greater co-ordination of foreign policies, in order to draw up a Com-munity treaty on political cooperation as part of the of European union," in propos-declared move towards greater ing a strictly limited permanent

However, they also seek to meet the objections of Ireland, pean union over the two areas British Greece and Denmark to includ- of political co-operation and the member ing any discussion of defence governmental conference agreed
on by Community foreign ministers od Monday, to open in
Luxembourg in September.
They will be considered
The secretary for foreign affairs, as more ambitious than the British draft in seeking a common foreign policy. They were also more pragmatic than the Franco-German "draft treaty

placing an umbrella of Eurodevelopments of the Economic Community, because it down-graded the importance of the Treaty of Rome.

On defence, the Dutch plan abstaining) in International would specifically exclude military matters from EEC Proposals for changes in the political co-operation, and leave them to be discussed in

proposals back the desire of requiring member states to consult each other in advance of foreign policy initiatives and barring them from voting against each other (although not from

Proposals for changes in the Treaty of Rome—the other main task of the Luxembourg the seven-nation Western Euro-pean Union (WEU), which submitted by individual memexcludes Ireland, Denmark and ber states, and by groups like the Benelux countries, before it opens on September 9.

## Companies urged to follow S. Africa codes

BY MICHAEL HOLMAN IN LONDON AND QUENTIN PEEL IN BRUSSELS HE LOBBY in favour of sanc-

merits of codes of conduct for join a trade union.

foreign companies in the Set minimum wages which Republic which will improve "should exceed by at least 50 conditions of black employees per cent tha minimum level and reinforce the case for contimping trade and investment. In his speech to the Common-wealth Society yesterday Sir Geoffrey Howe the UK Foreign Secretary, urged British com-panies not only to abide by the European Community's code of conduct drawn up in 1977, but to take up what he called the considerable scope for further initiative ... community works, social walfare of their em-ployees, equal opportunities." Sir Geoffrey stopped short, however, of suggesting ways in

which the code itself might be strengthened, a proposal which is now under consideration by

The code, which is not respond. tions against South Africa is gathering strength, particularly in the United States and several European countries. In the face of such spressure, both and accept collective bargain-rights activist, who has sought to EEC member states, made up the U.S. and British governing, and ensure that black to extend the impact of the printer of their respective political ments have been extelling the employees are free to form or ciples beyond the workplace.

> required to satisfy the basic needs of an employee and his Apply the principle of equal pay for equal work and open jobs to all races.

 Set aside company funds for bousing, transport, leisure and bealth services and pension schemes. Desegregate work places. Companies are requested under the code to submit annual more than £5bn and indirect

companies operating in the Republic is named after the Rev

strengthened last December when it called on American companies to campaign for the right of black businessmen to apartheid principles.

There is growing pressure within the EEC, bowever, for a tougher set of European prin-ciples. The first step would be under the code to submit annual to make them compulsory, with reports on their performance, sanctions imposed on investors although only a minority of the 1,200 or more UK concerns involving direct investment of Eekelen, the Dutch State Secre-

Changes in the code, to adapt The comparable code for U.S. and strengthen it for current labour conditions to South Africa, are being negotiated in Leon Sullivan, a black civil the political committee of tha rights activist, who has sought 10 EEC member states, made up

The Sullivan Code, subscribed on Monday by the EEC foreign ministers as part of a strongly worded reaction to the state of emergency and continuing violence in South Africa. Mr van Eekelen said that the stateset up in urban areas and for ment, and its emphasis on the complete freedom of mobility med to reinforce the code, bad for block workers — a demand been sought in particular by which cuts across South Africa's his government, which faces strong domestic political pres-sure to take a tougher stance

ministers' statement called for an end to the state of energency and the release of all prisoners beld under it. It also urged negotiations between the South African Government and black leaders "with tha involving direct investment of Eekelen, the Dutch State Secre-more than £5bn and indirect tary for Foreign affairs, said in investment of over £6bn actually Brussels yesterday.

declared alm of giving proper representation to the black community at a national level."

## Pharmacists' boat comes in – almost

BY IVO DAWNAY

AFTER 16 years of painstaking negotiation it seems the boat is finally accepted yesterday, will mean those coming in for Europe's pharmacists. dispensing cold cures in the north Well, almost, but there may be a of the Community muar temporarislight delay. light delay.
Yesterday EEC Foreign Ministers
Iy postpone their plans to sell suntrn cream in the Aegean islands.

accepted e text thet should the pro-fession freedom to practice anyofession - entered on production little more philosophically. be shown the door abroad.

A cure for the Greek complaint. In theory at least, access to the Greek profession will become a rali-

Greece has accepted that the boat where in the Community.

The bold-up bas mainly been at First there must be a 10-year derotributed to Greece, which has long argued that that its relatively free cerned to consider the situation a

of a university degree - could be swamped by sun-seeking incomers while its own practitioners would will be required to come up with a now compromise sufficient to satis-

fy Greek fears for implementation great seafaring nations that had with two years.

ty before the millennium is up. It was reported from the Counsil chamber that internati market Commission Lord Cockfield's tongue was not far from his creak when he congratulated Mr Theodoros Pangalos, tha Greek Minister,

Mr Pangalos, a philosopher clearly skilled at cultivating his own gar-don, replied courteously that it was

And there are i only the avigational skills of two

on bringing the boat home.

For the rest of the Community's pharmacists, it is all systems go -but with the small reservations that mutual recognition must be com-pleted within the framework of nabonal health polities and with a limit on the number of new pharm-

acies to be opened.

Just one last problem. As yet, the accord is only agreed "in principle."

Spain and Portugal must also give it the go shead when they join the

And there are rumours of a cou

## **Amnesty** accuses **Turkey** of torture THE human rights group Amnesty International said yesterday that

torture is "widespread and systematic" in Turkey and onyone detained for political reasons ran a great risk of being tortured. The ellegations are made in a 76page report entitled "Turkey. Testi-mony on Torture", which claims its conclusions are based on thousands of reports of bow prisoners bave been treated under all administrations in Turkey from the early 1970s until May 1985. Several detailed accounts by victims of alleged torture are included in the report. Amnesty claims the number of

torture allegations, including beat-ings and electric shocks, and deaths as a result of torture, increased dra-matically immediately after the military coup in September 1980. In subsequent years, the number of allegations gradually became fewer, but only relatively. Continu-ing reports of torture during recent ponths indicate that the pattern has shown no significant change in the first part of 1985, although the length of incommunicado detention in the 23 provinces still under martial law was reduced from 45 to

30 days in May this year. The report, which emphasised that most of its information related to political prisoners, said the mojority of torture cases were reported to have been inflicted by police for the purpose of extracting information.

Amnesty International called on the "highest Turkish authorities" to issue clear instructions to all officials involved in the custody, interrogation and treatment of prisoners that torture would not be tolerated under any circumstances. It also urged the Turkish Government to set up an impartial body to investi-gate all complaints of turture and to make public its findings.

#### Spanish state pension reform approved By David White in Medrid

THE SPANISH Government's hotly contested reform of the state pen-sion scheme was approved with on-ly minor amendments by Congress in its final reading yesterday against continued opposition from both Socialist and Communist union leaders. Perseverance with the reform.

national strike against the project

Senate by the majority Socialist group in a hid to bridge the gap with the UGT.

August, is an improvement on the old one in that it reduces the possi-

social security system, is aimed at slowing searing pension costs. It in-volves an effective reduction in the amount new pensioners will initially be entitled to and a progressive extension of the qualifying contribution period.

Spain currently has 5m people re-ceiving state pensions avaraging Pta 25,000 (\$170) a month.

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## Gandhi holds talks with Sikh leader Philippines

of the Akali Dal, the Sikh political party, met Mr Rajiv Gandhi, India's Prime Minister,

The meeting between Mr Gandhi and Mr Harchand Singh Longowal, the Akali President, hroke an impasse that has lasted more than three years.

No talks between the Indian Government and Sikh leaders religious autonomy for their have been held since then and relations have deteriorated, sight yet, observers believe. But particularly after the army action on the Sikh extremists

killed in Kabul

and shattering window panes.

The anti-marxist guerrillas fired a total of 12 rockets into various other localities of Kahul

on July 16. Two of them landed in the compound of Prime Minister Sultan Ali Kishtmand's

office, injuring two guards.

The Afghan Government

The Afghan Government amounced on July 16, that 62 rockets were captured from a

village west of Kabul, when

Two Soviet-made M1-24-D advanced gunship helicopters were brought to Pakistan by

of rebel positions in Afghanistan's Panjshe valley

guerrilla hideouts.

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. house-to-house

Soviet staff

A PACKAGE formula to in the Golden Temple in resolve the long-drawn-out Amritsar in June 1984, and the Punjah issue is thought to have assessination of Mrs Indira been discussed when the Sikh leader of the moderate faction The meeting, which was followed by another round of talks with senior Indian ministers and Sikh leaders, was held at the initiative of Mr Gandhi, who has given the highest priority to solving the

they consider it a major break-through that the negotiations and the talks are now being

uncertainty.

The way was cleared for talks by a series of gestures and con-cessions made by Mr Gandhi in the past few months, including the release of hundreds of Sikh detainees and the relaxation of restrictions Imposed on Punjab after the army action.

Despite these concessions, the talks have taken considerable time to get started. This was mainly because hardliners in the Akali Dal put pressure on the party's moderate leaders to resist negotiations.

bave started after prolonged held with moderate leaders who are thought to have majority support among the Sikhs in

Among the issues discussed were: the future of Chandigarh the common capital of Punjab and Haryana; sharing of river waters; the scrapping of special courts established in Punjab to try terrorists; and an amnesty

Government sources said tha there were prolonged hehind-the-scene contacts with the Sikb leaders before the talks which could last several weeks and

## **\$925m** bank loan set to go ahead

By Alexander Nicoll A \$925m (£670m) commercial bank toan for the Pbllip-

pines finally appears set to go ahead after being dogged by delays since the end of

The loan was signed in May

this year as part of a \$10bn rescue package for the country, held np first by the Government's overstatement of foreign exchange reserves and then by a series of disputes with creditor banks. Even after the signing, one of the 483 particlepeting banks refused to provide its share of the loan. The bank, believed to be from the U.S., has now agreed to do so.

to be from the U.S., has now agreed to do so.

Disbursement of the first \$400m of the loan is likely to follow the International Monetary Fund's (IMF) agreement to pay out the second tranche of an SDR 615m standby credit, expected at the cud of this month or in the first half of Angust.

#### Lee outlines election plan

By Chris Sherwell In Singapore SINGAPORE is pressing ahead with plans for an elected president with some executive powers, but it will be two years before constitu-tional amendments are framed and debated, Mr Lee Kuan Yew, the Prime Minister, told parliament

yesterday. Mr Lee first proposed the changes 11 months ago, sug-gesting that the presidencycurrently a ceremonial position—be given special powers
to prevent a future government going on a spending
spree which might deplete the country's reserves, at present standing at \$\$23.4bn

(£7.8bn).

The theory is that an elected head of state would have the anthority to give or refuse consent over the use of reserves accumulated by pre-vious governments. Critics have said it would transform Singapore's parliamentary

singapore's paritamentary democracy.

Mr Lee, who turns 62 this year, has previously hinted that he might retire to a "less active executive role" by the time he is 65.

## Palestinians on delegation list It now appears that after

Peres accepts two

TWO OF the Palestinians government in Jerusalem, Mr

Shimon Peres, the Prime Minister, said yesterday. Reversing his earlier rejec-tion of the entire list, the Premier said that Israel would he willing to negotiate with two people living in the occupied territories named as Palestinian representatives.

The U.S. is planning to hold talks soon with the delegation to assess the prospects for opening direct peace negotiations with Israel. Jerusalem objects to the preliminary talks, arguing that the U.S. should realise that only direct negotiations between the concerned narties can bring about any

Committee, the Premier is Lehanese coast noticed reported to have said that the PLO originally presented 22 suspicious manner and winames to King Hussein of the ship was approached Jordan, who rejected 15 of the opened fire on the Israell ves people on the list, passing the names of seven to the U.S.

named by the Palestine Libera-lion Organisation (PLO) as Mr Peres has now decided that potential members of a joint Mr Hanna Siniora, an East Jordanian - Palestinian dele- Jerusalem newspaper editor. Jordanian - Palestinian deleJorusalem newspaper editor,
gation to hold talks with the and Mr Faez Abu-Rabme, head
U.S. and possibly later with of the Chamber of Advocates
Israel, are acceptable to the in the Gaza Strip, would be acceptable.

Reuter adds from Sidon: Four Israeli warships shelled the south Lebanese port of Sidon yesterday setting a cargo ship ablaze in the barbour, and pounding suspected militia positions in nearby hills, eyewitnesses said.

They said the warsblps stood between two and three miles offshore and fired in sequence, hurling dozens of shells at the harbour and into rural and hilly areas beyond the city. A medium-sized freighter, helieved to be Cypriot and identified as the Roule, took a direct hit and

progress.

Speaking to the Knesset said that an Israeli naval vessel In Tel Aviv an army official Foreign Affairs and Defence on routine patrol off the merchant vessel behaving in a suspicious manner and when the ship was approached it opened fire on the Israell vessel. The Israelis returned the fire damaging the merchant ship.

#### **Kuwaitis continue to** deport foreign Arabs

BY KATHY EVANS IN KUWAIT

Many of those asked to leave are said to have spoken out in favour of Lebanon's national

Fadiallah said in a newspaper interview on Monday that be

interview on Monday that be was "doing more than anyone else" to secure the freedom of 13 foreigners kidnapped in Lebanon over the last 18 months. He said be was opposed to kidnappings and bad "tried in personal initiatives and before anyone asked me" to seek the release of the seven Amerifavour of Lebanon's national cans, four Frenchmen, resistance and contributed Briton and one Iranian.

#### S. African police name 441 of detainees

By Anthony Robinson in Johannesburg

SOUTH AFRICAN security forces continued their roundup of anti-apartheid activists yesterday as policy in Pretoria issued the names of 441 people arrested without charge during the first three days of the state of emergency declared on Salur-day night. A further 60 people have been charged with crimi-

nal offences.

Despite the police crackdown, unrest continued in many parts
of the country, with at least 9
deaths reported since Sunday.
The funeral of 15 people killed in Kwathema on the East Rand three weeks ago passed off quietly, however, against a strong show of strength by army and police units.

Among the mourners was Bishop Keilh Sulton, the Bishop of Lichfield. He was sent by the Archbishop of Canterbury, head of the Anglican Church. Bishop Surion was accom-panied by Bishop Desmond Tulu, the black Anglican hishop of Johannesburg, who in a moving speech denounced both the state of emergency and the hrutal killing of alleged black

Among the objects of security force attention yesterday was the Johannesburg headquarters of the United Democratic Front (UDF) which was raided at

informers.

Police detained one man and emerged with a box of docu-ments after a three-hour scarch. Activists from the UDF as well as the black consciousness Azapo movement figured prominently among the list of detained persons which also includes four priests and leaders of the Black Motor Assembly and Component Workers Union (Macusa) in the

Port Elizabeth area. In perhaps the most embarrassing incident for the Govero-ment, three policemen arrested Mrs Molly Blackburn, a prominent local opposition councillor in Port Elizabeth, only hours before she was due to meet a group of bigh-ranking members of the Ford Founda-tion in South Africa on a fact

finding mission. Members of the fact finding mission including Mr Cyrus Vance, former U.S. Secretary of State and Mr Robert McNamara, former minister of

## NZ charges couple with arson

embassy attack

in New Zealand in connection with the bombing and sinking of the Green Peace flagship Rain-By Mohammed Aftab In Islamabad Seven Russians have been killed in a guerrilla attack on bow Warrior in Auckland harbour last week. the Soviet embassy in the Afghan capital of Kabul, Western diplomats said here

harhour last week.

The couple, whose identities bave not been revealed, have been charged with arson and murder. They will appear in court today.

New Zealand police have heen yesterday.

The embassy has been the target of several rocket attacks in recent weeks, and one East European diplomat said that three attacks have been launched this month. The seven deaths occurred on July 2 and on July 2 when for holding a man and woman, travelling on Swiss passports, for some days in connection with immigration charges. They confirmed that the couple were 2 and on July 9 when four rockets landed in or near the Soviet chancery, damaging cars

being questioned on the Green Peace bombing. Prime Minister David Lange said earlier that tha bomhing

A COUPLE has been arrested of the vessel, in which a crew background of one of the four in New Zealand in connection member died, bad "a political French crew members of a with the bombing and sinking of motivation." The purpose of the chartered yacht which left New bombing was to put an end to Rainbow Warrior's anti-nuclear protest operations.

Several people were involved in an operation which was well planned and well financed, the Prime Minister said. New Zealand police have con-

firmed that for the past few days they have asked the Swiss authorities m find a couple helieved to have been born in Lancy and still living in Switzer-land. However, Interpol can find no trace of the couple and an Interpol officer said: "They don't appear to exist."

Mystery also surrounds the

French crew members of a chartered yacht which left New Zealand a few hours after the hombing. He has been named as Dr Xavier Maniquet. On the night of the bomhing

a frogman was seen coming asbore from a Zodiac dingby and was picked up by a couple in a mohile caravan. Police said the movements of the mobile caravan were linked to the Rainhow Warrior bombing.

The couple held hy police since last week had been pre-viously travelling around New Zealand in a motorised caravan

## **OECD** urges labour market reforms

BY PAUL BETTS IN PARIS

NEW ZEALAND must permost highly protected econoservere with its antimies in the OECD, and the inflationary monetary and fiscal agency says the sooner these servere with its anti-inflationary monetary and fiscal policies and resist any temptations to revert to its earlier protectionist and interventionist approach, the Organi-sation for Economic Co-operation and Development (OECD) urges in its annual report on the New Zealand

seven Afghan air force officers, pilots and navigators, who have sought political asylum in Pakistan. The gunship helicopters are the first to arrive economy.

The OECD is particularly anxious to see New Zealand introduce reforms to make its labour market more flexible and to hold down wage and price increases. The Government, for its part, is pressed not to relax its fiscal deficit reduction programme by the in a Westero-aligned country, and the Pakistan Government has refused Kabul's requests to send them back. reduction programme by the Paris based agency. Western diplomats yesterday reported beavy Soviet bombing

controls disappear the better. The New Zealand economic and monetary adjustment poli-cies involving the combination of fiscal restraint, higher interest rates and the reduction of protection and subsidy in certain economic sectors, I inevitably have some painful consequences on economic growth in the short term.

Indeed, the OECD forecasts a substantial slowdown in growth from close to 5 per cent in 1984-85 to virtually zero in 1985-86 with a slow recovery in 1986-87 with growth expectable by the standard of the sta ted to be around 1 per cent. Unemployment is expected Although progress has been to rise with the unimade in the phasing out of rate increasing from import controls, New Zealand cent in 1984-85 to 5 remains nonetheless one of the the following year. to rise with the unemployment rate increasing from 3.7 per cent in 1984-85 to 5.1 per cent

Domestic demand, which rose 7.1 per cent in 1984-85, will decline by 3.7 per cent in 1985-86 and by 1.8 per cent the

following year.

The OECD warns that consumer price inflation may also rise in the next six months but that the future course of inflation may also rise in the next six months but that the future course of inflation will largely depend on the new New Zea-

land wage round.
With wage rises peaking this year, inflation could return to single figures with a 9.5 per cent rate forecast for 1986-87 after a 12 per cent rate in 1985-86.

The Paris agency calls the progress made so far by New Zealand in its efforts to adopt a medium term of monetary and fiscal policy to readjust its economy as "impressive.

TWO WEEKS after the cafe bomb blast in which 11 people were killed, Kuwait is continuing to deport foreign Araos have been conducting night and Iranians. Iran's national news agency said yesterday that 130 Iranians had been deported in the last few days, though this could not be confirmed with Kuwaiti officials.

Arah diplomats in the country also said that about 100 to 150 of their nationals had also been asked to leave. All are said to be Shia, and 10 of them are members of the family of Sheikh Mohammed Fadlallah, spiritual leader of Lebanon's Shi ite community and head of the Hezbollah (Party of God). The deportees are also said to

include Iragis and Syrians.

knwarti police are said to have been conducting night raids on the homes of suspected people. This has aroused concern among a number of Kuwaitis and Shia Deputy Nasser Sarkhu complained about the action in a recent session of parliament. AP adds from Belrut: Shelkh

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## **EEC** to retaliate if U.S. imposes new curbs on steel

BY QUENTIN PEEL IN BRUSSELS

EEC officials have heen instructed to draw up a list of possible retaliatory trade measures in case the U.S. decides an unilateral restrictions on European exports of 16 steel products currently being negotiated.

of 1984, when EEC exports of the 16 products teached 630,000 tonnes.

The last EEC position was a demand for a level of 1984 less only 10 per cent—some 570,000 tonnes. Officials said that Japan bad succeeded in negotiating a layer the low.

Community foreign ministers were warned yesterday that talks on imposing quotas on the products, supposed to have the products, supposed to have heen completed by July 15, were making very slow progress, with a wide gap between the European and U.S. positions.

They instructed Mr Willy de Clercq, the European Commissioner responsible for external trade, to continue negotiations and report back to industry ministers meeting on Thursday. In the meantime, a list of possible counter-measures will be

The products concerned, including alloy wire rods, rails and wheels and axics have hitherto been allowed unrestricted access to the U.S. martet, but subject to consultation" in the case of any surge in sales. Quotas are being negotiated on all the pro-ducts, except semi-finished steel,

National officials in Brussels said yesterday that the U.S. was insisting that overall tonnages should be held to a level 25 cent below the record sales fertilisers.

level about 20 per cent helow their 1984 sales, and the Com-munity would be unlikely to

settle for less.

U.S. officials said, however, that Washington had already reached virtually its final position, to allow imports averaging somewhere hetween the levels of 1982 and 1994. They pointed out that the Japanese agree-ment included restrictions on semi-finished prudocts, so far excluded from the EEC talks. If the talks cannot be satisfactorially concluded by Thursday, when EEC industry ministers are due to meet to discuss reform of their steel industry regime and the ending of operating subsidies, an emergency ministerial meeting may have to he called for next

week.
The list of U.S. exports on which retaliatory restrictions might be imposed is likely to be similar to that drawn up last March, when the latest steel trade dispute began. This included such items as citrus fruit, manufactured tobacco, hybrid maize seed and

#### International group aims to boost Europe-China links

AN international body, hacked reorgainsation of the banking largely by Swiss and German interests, bas been set up in Zurich to promote economic and scientific relations between

Europe and China, Euro-China Organisation for peration (Ecotec) is supported by European industrial companies, banks and research insti-

Its partners in China are to be the Ministry of Foreign Economic Relations and Trade, the People's Bank, the Bank of China, the state Economic Academy of Social Sciences. Ecotec's main aim will be additives in China. Sandoz, the to set up a common information third leading chemicals group in pool. It is arranging a sympsia Basle, recently opened a in Peking this autumn on the Peking office.

system and the management of information. Among other ven-

tures will be a monthly news-letter and joint research pro-

Ciha-Geigy, the Basic-hased chemicals group, has announced it is considering establishing a joint venture with a Chinese state corporation to establish a production unit in the republic. This follows a planned joint venture by Hoffmann-La Roche, another Swiss chemicals group, to manufacture fodder vitamin

#### U.S. joins call for extension of MFA

TRE U.S. yesterday joined the EEC and Japan in calling for an extension of the Multi-Fibre Arrangement (MFA) when the present agreement runs ont in a year's time.

However, at a meeting of the textiles committee of the General Agreement on Tariffa and Trade (Gatt) in Geneva, it carefully refrained from foining the Europeaus in seeking a more liberal

Mr Charles Carlisle, the American delegate, has had to tread carefully because of to tread earefully because of the strong protectionist pressures building up in the U.S. as imports from the Far East\_flow into the country boosted by the strong dollar. Textile imports rose 25 per cent in 1983 and another 32 per cent last year.

More than half the mem-hers of both houses of Congress have called for increased protectionism, des-plte the U.S. Government's desire for an MFA that would give greater access to Western markets for lowcost suppliers.

The MFA, which governs a large part of world trade in textiles and clothing, was introduced in 1974 and extended in 1974 and extended in 1978 and 1982. extended in 1978 and 1982.

It was bitterly criticised yesterdlay by the supplier nations whose spokesman, Mr Jonn Young Sun, of South Korea, said that during its lifetime the MFA had hecome "more restrictive and increasingly discriminatory."

"It has failed in its central

"It has failed in its central objective of facilitating structural adjustment in developed countries' textiles and clothing industries and has left us farther away from the goal of trade liberalisasought In 1974."

Yesterday's meeting was a statutory one; the terms of the MFA state that a review must be held 12 months before the agreement is due to expire. The next meeting of the textiles committee will be beld in December. It is not thought in Geneva that much progress will be made on whether the MFA will be

## South Korea keen to stake its trade claim WHEN Mr Kim Ki-Hwan, one of the principle architects of South Korea's trade policy who

heads the International Eco-nomic Policy Council, visited Washington earlier this month, some of the local Press took advantage of his absence to aim few barbed comments in his direction.

"Dr Kim," the papers said in sarcastic reference to his PhD degree in economics from the University of California at Berkeley, and his popularity with the foreign Press gives in too easily to American pressure.

The U.S. wants Korea to open its markets to foreign eigarette producers to personal computer makers and insurance companies, said the local Press. It also wants Korea to abide hy international conventions on the of intellectual property. The newspapers' criticism

reflects a growing dilemma for Mr Kim and other Government

leaders who helieve that free trade, including the continued, gradual opening of Korea's domestic market, is good for Korea, and not merely a defen-sive move to forestall foreign Mr Kim has heard a torrent

Mr Kim has heard a torrent of complaints from foreign Governments that Korea's domestic market is far too protected and that non-tariff barriers are coming down only to be replaced by high tariffs. The complaints have grown louder now in the complaints as announced in the complaints as announced in the complaints and in the complaints as announced in the complaints and its property of the complaints and the complaints are complaints. The Government's ability so urgent that negotiations can start among a sufficient number of like-minded countries." Says national trading system remains may be complainted in the complaints are complainted in the complaint and complaints are complainted in the complainted in the complaint and complaints are complainted in the complainted in th

Seoul believes it has much to gain from a new round of trade talks. In this. the fourth article in the series on Gatt, Steven B. Butler analyses South Korea's attitude to the negotiations.

that Korea is the 15th largest trader in the world. At home, however, a more liberalised political atmosphere and a downturn in the economy have resulted in an eruption of protest that import liberalisation has harmed Korean indus-try and should be rolled back. Government leaders say they will not be swayed by either their domestic or their foreign critics and will proceed with liberalisation as announced in

"We are very positive toward a new round of General Agreement on Tariffs and Trade (Gatt) negotiations," says Mr Kim. "We have a deep recognition that we are dependent on the same of their main."

sharply from India and Brazil, which are resisting the pressure from industrialised nations subject to mon-tariff barriers for services to be included on the Gatt agenda. "India and Brazil do not understand the Brazil do not understand the brasils of trade" areas a countries must be able to probenefits of trade," says Korean official.

Mr Park Un-Suh, a senior official in the Ministry of Trade and Industry, says Korea would like a freeze on further protectionist measures before talks start, but it is unlikely to delay a new round for any reason. Government leaders believe they have too much to gain from new trade talks, and too much to lose by delay. They do no want to exclude anything from the agenda—services, the world financial system or agri-culture—and they do not care if some countries do not take

Launching a new round is

which depends on exports for wants the negotiations to turn smoe 30 per cent of the gross first to the so-called "old national product, will stagnate issues," including abuse of the

trade. A new round will arrest ments in some of their main the slide into protectionism."

Korea has distinguished itself textiles and footwear. Governsharply from India and Brazil, ment statistics show that the

countries must be able to pro-tect themselves against import surges that disrupt local markets, but officials say that emergency measures must include a schedule for measures to be phased out within a few years, and compensation must be paid to the exporting countries, if necessary a cash payment from the Government. To enforce this line, Korea mechanism for settling disputes under Gatt, including a panel with authority to make blinding

vices to the agenda; if wants services defined to include not only banking law and insurance, but also construction,

aviation nursing mechanics, restaurants and hotels Korea has an important stake in making its arguments heard in the next round, and they will in the next round, and they will be presented by people who believe that an open world trad-ing system benefits all.

The arguments will be dulled considerably unless Korea succeeds where so far it has

failed in convincing the rest of the world that protectionism in Korea is really on the way

One diplomat calls Korea's moves to remove import restric-tions "rubbish." But government officials maintain that they are misunderstood.

are misunderstood.

"Many people forget that we started as a closed economy and are in the pracess of opening up, with a full opening as the goal, saya Mr Kim.

"Liheralisation is genuinely taking place," says Dr Yoo Jungho, an economist specialising in international trade,
"Emergency tariffs are small

"Emergency tariffs are small in number, the automatic approval of goods is rising and tariffs are falling. Opening up the Koyean market is good for It also wants to revise the Gatt anti-dumping clause. Mr Park describes many of the anti-dumping suits against Korea as "procedural protectionist measures." He says Korea was exonerated in 17 out of 28 anti-dumping suits in out of 28 anti-dumping suits in 17 out of 28 anti-dumping suits in 19 out of 50 out of

## Singapore improves Indian ties

SINGAPORE is optimistic India's Oil and Natural Gas is currently put at 20 per cent about business prospects emerg- Commission and Oil India as —and Singapore could help in ing in India following measures by the Gandhi Govern- field equipment. According to Singapore no longer assemble: ment to liberalise its country's есопоту.

The hope is that Singapore's

sconomy.

Singapore's Trade Development Board says a recent expionalory mission to the subcontinent found great potential in electronics, oil exploration, car components and light machinery. It has since decided to send a six-person oil industry delegation to India in Septem-

experience in these fields, together with links forged by its own large Indian com-munity, will combine to secure business abroad at a time of relative economic depression at home. The key appears to be Prime Minister Rajiv Gandhi's extended, revised or ended before the early summer of

well as mazinfacturers of oil-field equipment, According to the exploratory mission, which visited the country in April, India aims to be self-sufficient in oil products by 1990 and has budgeted Rs 130bn (£10.8bn) to achieve this. to achieve this.
Some of this money will he spent on 112 onshore drilling

rigs and numerous offshore jack-ups, semisubmersibles and drilling ships. Singapore, with its experience as a righuilder and offshore oil service centre, would hope at least to become a major subcontractor in com-peting against countries like Japan and South Korea.

Opportunities In electronics spring from India's aims to build a \$10bn (£7.1bn) industry by 1990, embracing consumer home. The key appears to be build a \$10bn (£7.1bn) industry the liberalisation trend in India sams to bring a \$10bn (£7.1bn) industry the liberalisation trend in India sams aim of pushing through measures easing import restrictions, products, computers and comsumer remains uncertain but says products, computers and comsumer remains uncertain but says products, computers and comsumer remains uncertain but says surface and licensing regulations. For example, the tries like Japan, which have country wants to provide a telescent of take advantage of recent pected to meet officials of its 730m population—the figure developments.

cars but it could supply air-conditioners for them. It also sees opportunities for technical collaboration as India strives to achieve fully indigenous production in the next few years.

The exploratory team to India recommends that Singapore

sends missions to cover all these industrial sectors and that the country participate in Indian trade fairs. It suggests Singapore can help India to market its goods abzoad, including in China, and

that Singapore itself could find markets in East Europe and the Soviet Union through India, It warns that continuity of

#### Japan Air Lines plans non-stop service to London

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

to start non-stop air services
between Tokyo and London,
via Siberia, next April. A
similar non-stop service via Siberia, next April. A similar non-stop service between Tokyo and Paris is planned for 1987, as part of the arline's revised four-year plan from 1986 to 1990.

By traveiling non-stop via Siberia, the Japan-Europe journey time can be cut by

several hours.
The airline believes their mternational air traffic will increase considerably between

Jumbo jet. JAL will increase Mr Miles believed that, if the number of existing Polar route flights between Japan and several wide sodied jet services

JAPAN AIR LINES is planning British Airways, Enfthansa and to start non-stop air services Air France will also be

 Cathay Pacific, the Hong Kong-based international air-line, is hoping for an increase in the volume of services it can fly into China, will result from forthcoming talks on a .UK-Chinese air agreement. The talks are due to start in Peking on September 2

Mr Michael Miles, chairman of Cathay Pacific, said in London yesterday that Cathay was able to make only three scheduled flights and one charter service to Shanghal weekly. Only one charter service a week was permitted

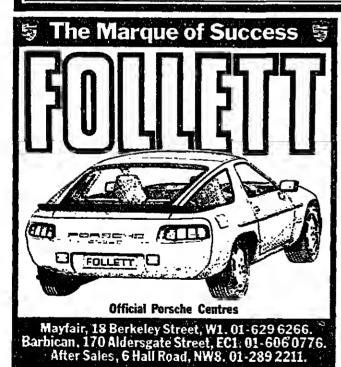
Europe via Anchorage in weekly (either Tristars or Alaska from 19 a week to about Boeing 7475) into both Peking

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# increase considerably between London 1990, and that was able competition from foreign air-lines will intensify. In addition to the non-stop operations, using longer-range versions of the Boeing 747 service a to Peking. Jumbo jet, JAL will increase Mr Mile

Bayer studies outcome of boycott list decision

BY JOHN DAVIES IN FRANKFURT removal from the Arab boycott list. it is still too early to assess what involvement in a citric acid venture that might mean in terms of Middle in Israel. For business reasons, however, Miles has since with-

Bayer was one of nine compa- drawn from the venture. put on the boycott list in 1981

BAYER, the West German chemical German concern took over the and pharmaceutical concern, is Miles Laboratories pharmaceutical studying the implications of its company of the U.S. in 1978. Arab sources have indicated that The company says, however, that they were concerned about Miles's

1, 11

nies, including Ford and Colgate
Pelmolive of the U.S., that were removed from the "black list" at a moved from the "black list" at rael Office in Damascus last week. poration is Hoechst's largest single Bayer says it never received an shareholder with a 249 per cent official explanation of why it was stake and Kuwait is also represented on Hoechst's supervisory The move came after the West board.

## Trade barriers plan divides Third World

will reject proposals to lower trade barriers between Third World countries, officials attending the second day of a conference on trade protec-

ionism said yesterday. The officials, among those from nearly 70 developing states at the meeting, said it was also unlikely that all members of the Association of South-East Asian Nations (Asean) would adopt a draft resolution blaming the West for the

world's economic ills.

NEW DELHI - Some Asian nations days starting tomorrow to consider both questions. They also hope to form a common

position on a new round of talks on

the General Agreement on Tariffs and Trade (Gatt), expected within a year. The Asean nations, which already allow one another reduced tariffs, have little to gain under the new proposals, known as the Global System of Trade Preferences (GSPT), the officials said. Asean groups Brunei, Indonesia,

## Ministers from 32 developing Malaysia, the Philippines, Singa-countries will meet in Delhi for two pore and Thailand. Reuter. U.S. and Morocco sign treaty

BY NANCY DUNNE IN WASHINGTON a bilateral investment treaty giving. American investors the same legal rights as Moroccans, including compensation for expropriation and court access.

The treaty is the latest in a series year, American foreign investment this year.

THE U.S. and Morocco have signed totalled \$232bm worldwide with \$50m invested in Morocco.

The U.S. has so far signed similar agreements with Egypt, Panama, Zaire, Haiti and Senagal, and it is in negotiation with Cameroon, Bangladesh and Turkey for others. of pacts signed by the U.S. in a Bangladesh and Turkey for others. three-year-old effort to belp Ameri-three-year-old effort to belp Ameri-cans who invest overseas. Last

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## NY Governor opens bi-partisan tax plan attack

BY WILLIAM HALL IN NEW YORK

NEW YORK State governor Mario Cuomo yesterday opened a new bi-partisan attack on the U.S. administration's plan to was not the preserve of the rich, abolish the deductability of He said over half of the 33m state and local taxes from U.S. households which made use of the most controversial comes below \$38,000. administration's plan to federal income tax returns, one of the most controversial elements in the tax reform

Governor Cuomo, who was addressing a New York breakstring of political figures from
his own Democratic Party such
as New York Mayor Ed Koch and Senator Daniel Moynihan and Republican politicians such as Senator Alfonse D'Amato of New York and Senator Frank Murkowski of Alaska, who are backing his coalition to defeat the abolishment of tax deductability.

There has been growing dissent among political leaders across the country since the U.S. administration unveiled its plans to abolish tax deduct-ability, the most widely used deduction in the U.S. tax code,

The proposal, which is estimated to save the U.S. Federal Government over \$30bn (£21.5bn) in lost taxes, has been portrayed by the Administration as only affecting people in rich states

However, Governor Cuomo went to great lengths yesterday to show that the tax deduction

Referring to the several Republican figures, and the representatives of poorer states such as Senator Dale Bumpers such as Senator Dale Bump of Arkansas, who joined him the platform at New York's Hilton Hotel, Governor Cuomo said: "The current proposal to do away with deductability is such a radical assault on the fundamental principal of federalism that it obscures any other differences we might have."

His sentiments were echoed by several Republican speakers who attacked "the attempted federal raids on middle-class taxpayers' pocket-books."

Although the U.S. Administration has tried to isolate criticism of its tax deductability proposals as primarily a case of special pleading by wealthy New Yorkers who will suffer more than most, yesterday's speakers showed that the coali tion that is being formed against the proposal is far more broadly based.

ALCOHOL - the source of the sweet and sickly smell in the air of Brazilian cities these days - is giv- tion to begin scaling down its exing the country's policymakers an increasing headache. The smell emanates from Brazil-.market. ian cars that burn alcohol instead of, or in addition to, petrol as part of

the country's ambitious plan to substitute sugar-derived ethanol for oil.
The headache comes from what the Brazilians see as growing pro-tectionism against their ethanol exports in their number one foreign market, the United States.

This week, Mr Robert Gusmao, Brasilia's Industry and Trade Minister, has been in the U.S. seeking to persuade petrol distributors to buy up to 2bn litres of fuel ethanol per year. However, Brazil's exports face formidable hurdles: a high U.S. tariff against alcohol imports and, more important, an anti-dumping case brought by U.S. producers of ethanol from maize. Brazil's so-called "Proakcool" pro-

gramme has been a resounding domestic success, making the country the world's largest fuel ethanol producer with targeted output of 11bn litres in 1985-86.

More than 90 per cent of new cars sold in Brazil are powered by pure alcohol and demand for ethanol is projected to grow at an annual rate of 35 per cent. The country has al-

about \$2bn a year and is in a posiports of sugar on to the surplus-ridden and unremunerative world

For the moment, however, Brazil is not interested merely in supplying its own market; producers see large and lucrative potential else-where, particularly in the U.S.

Last year it exported 950m hires of alcohol, representing 11 per cent of total production and worth about \$200m, of which more than two thirds went to America.

This year, however, exports have phinged and as a result the country has been building up a stockpile of Brazilians are learning the hard

does not necessarily stop with farm The history of the U.S. market for ethanol is a chequered one. It reaches back to the late 1970s, when oil shocks prompted Presi-

way that agricultural protectionism

tives for alternative fuels. In 1978 Congress passed a law ex-empting alcohol fuels from the federal excise tax on gasoline, and two years later it authorised the expenditure of almost 51hn on fuel al-

dent Jimmy Carter and Congress to introduce hefty Government incen-



Andrew Gowers, recently in Sao Paulo, on threats to ethanol exports to U.S.

Topping-up: the "Proalcool" programme is a domestic

Aside from encouraging the development of a U.S. market for ethanol, those incentives have activated a domestic ethanol industry lobby keen to protect its interests against imports.

"absurdly high." But the opportuni-ties and the obstacles for Brazil in the U.S. market have grown this

The opportunity stems from the U.S. Environmental Protection Agency's recent decision to phase down the lead content of petrol from 1.1g per leaded gallon to 0.1g in two phases, starting this month in two phases, starting this month and ending next January. This has prompted refiners to

look urgently for alternative ways to maintain the octane value of their products - one of which is to replace lead with ethanol. It has al so caused the Brazilian producers' mouths to water as never before, and was the spur for Sr Gusmao's U.S. visit this week.

Brazil even has contingency plans to double its exports to the U.S. by cutting the proportion of ethanol used domestically in "gaso-hol," the petrol-alcohol blend.

A host of potential producers are also waiting in the wings in the Caribbean countries, which could export ethanol to the U.S. free of duty under the Reagan Administration's Caribbean Basin Initietive. ject to increasing tariffs. The im-

The danger lies partly in inport surcharge which started out at creased uncertainty in the U.S. 10 cents (7p) a gallon a few years maize-into-ethanol industry as a reago, has now reached 60 cents, a sult of President Ronald Reagan's level which a leading official of Pe- tax reform plan, which calls for the trohras, the Brazilian state oil com- scrapping of tax subsidies for etha-

Faced with shrinking alternative outlets for their maize and ext ly keen pricing by Brazil, 15 U.S. producers, led by a company called Archer Daniels Midland, have filed an anti-dumping case with Ameri-ca's International Trade Commission and one calling for countervailing duties with the Commerce De-

partment, Both cases, due for decision in August and November respectively are being vigorously fought hy Brazil.

see what all the fuss is about. After all, they reason, at current production levels the U.S. cannot meet its own likely internal needs for ethanol, estimated of up to 15hn litres a

One possible outcome, on past precedent, is that the U.S. will impose quotas on ethanol imports from Brazil. This is probably e solu-tion with which the Brazilians can live, serving U.S. coastal markets, while Mid-western and other markets are left to American producers The prospects for other markets for Brazilian ethanol, meanwhile,

are none too bright. The EEC is due to phase down the lead content of petrol over the next few years but chances are its refiners will opt for other ways of enhancing octane val-

## **Baldrige welcomes signs** of recovery in industry

BY OUR WASHINGTON CORRESPONDENT

COMMERCE DEPARTMENT that without this component the Secretary Mr Malcolm Baldrige, increase would only have been grasping at better than expected 0.7 per cent.

doldrums of the past year."

Earlier the Commerce Department had reported that new growth which rose at a real orders for durable goods in annual rate of only 1 per cent June rose a healthy 1.8 per cent in the first half of this year. :after a strong 3.3 per cent rise in May. New order figures often provide a guide to the strength

of industrial activity
The Commerce Department tary orders which have heen have risen at an annual rate of strong throughout the year and 3.7 per cent.

performance

increase would only have been

new order figures released yes"terday, said yesterday that he
delected signs that U.S. industry may be "emerging from its recent months, but it is recognised that this alone will not ensure a revival in economic

Separately, the Commerce Department also reported that inflation remains under control. The consumer price index increased by only 0.2 per cent conceded, however, that over in June, For the first six months half the increase reflected mili- of this year consumer prices

## Mexico awaits austerity

By Stewart Fleming in Washington

for Li

Reagan

gives star

ON A sparkling summer day, mercifully free of the oppressive hu-midity which normally clogs tha Washington throughout July and August, President Ronald Reagan, gaunt but standing ramrod straight as tha strains of The Star-Spangled Banner" echoed over the south lawn of the White House yester-day, welcomed President Li Xiannian of China to the United

It was a memorable day in many ways. The first official visit to the U.S. by a Chinese head of state and the 74-year-old U.S. President's first official public cere-mony since he returned to the White House on Saturday from Bethesda Naval Hospital a mere seven days after undergoing ma-

as the Marine Corp band struck up
Hail to the Chief, Mr Reagan appeared with his wife Nancy to
welcome the Chinese President as he drew up outside the en-trance to the White House in a black limousine.

With the Administration's political aristocracy watching, the President walked slowly but firmly the few steps to the podium, stood for the two national anthems, delivered a brief welcoming statement and then, in a break with tradi-tion, sat while his 76-year-old

guest from Chine completed the formal words of welcome.

From time to time Mrs Reagan, standing on the grass just a few yards away, glanced across at her husband, but without a hint her husband. of the anxiety she surely felt. Her poise in the past few painful days has won her widespread admira-tion. The ceremony over, Mr Rea-gan turned as the Army Herald Trumpets on the White House balcony above him let out a triumphal blast, leaned heavily on the brass balustrade surrounding the podium and then unaided, gingerly negotiated the three steps to the lawn and disap-

For the White House staff, the President's performance will clearly have justified the risk they took in exposing him so quickly to this sort of ceremonial ordeal.

But the continuing doubts about the ability of an ailing President to breathe fresh vigour into a sec-ond Administration which has been marred by more political tragedies than triumphs, will not

# package

PRESIDENT Miguel de la Madrid's restatement of his Government's austerity policy at Mexico's annual hankers' convention on Monday, in lieu of a widely-anticipated package for immediate implementation, received a mixed reception from the husiness community and press.

and press.

Sr de la Madrid's overall message that radical structural reform would be pursued at a gradual pace, "without precipitation," was sufficiently vague and consensual to keep most observers guessing as to how it would translate in practice.

The left-wing daily La lorrada for example specification.

Jornada, for example, speculates that promised cuts in public spending "through the reduction in government and public sector structures" foreshadows the abolition of some underscretizations or even a under-secretaryships or even a ministry, and possible company

Members of the four main employers organisations, how-ever, welcomed the renewed ever, welcomed the renewed commitment to a "realistic and flexible exchange rate" in order to boost non-oil exports and tourism. But in remarks to El Financiero, the local financial daily, they appear to believe that Sr de la Madrid's reterented places. reiterated pledge to liberalise foreign trade would "modernise" the economy but not at a rate which might damage their interests.

#### Plan of action for Contadora

THE FOUR-NATION Contadora group yesterday ended a two-day meeting with a plan of action to revive its flagging Central American peace initia-tive, Reuter reports from

Panama City.
A communique issued by the foreign ministers of Mexico, Panama Colombia and Veneruela sald they would present the five Central American governments in early August with a study of security aspects not covered by last year's 21-

not covered by last year's 21point peace plan.

The ministers also invited
Nicaragua and Costa Rica to
start negotiations on their
border tensions by August 10,
in Panama; and called for
Nicaragua and the U.S. to
resume direct dialogue.

WORLD TRADE, NEWS

## ANOTHER WONDERBUELYEAR: DAVBINOR SPECIFIE PREBERGAS

1984/5 was another successful year for British Gas. With a further 293,000 new customers bringing the total to over 16½ million, it is clear that even more people prefer gas.

#### **OTHER SUCCESSES:**

Record gas sales of 17,744 million therms.

Continuing improvements in efficiency – customers per employee up from 162 to 171, and therms sold per employee up from 174 to 186.

Increased shares of all markets: Domestic up to 60%, Industrial up to 36%, Commercial up to 31%.

Record turnover-up £491 million to £6,913 million.

A current-cost operating profit of £651 million.

Investment of £812 million in capital projects and £303 million on replacing assets such as mains, service pipes, meters, etc., once again all found from internal resources.

#### **BRITAIN BENEFITS**

In addition to paying £131 million in tax and a further £500 million in the special Gas Levy, the industry benefits Britain in other ways. Its continuing huge investment provides business for a host of other organisations and many thousands of jobs for British workers.

The popularity of gas and the increasing efficiency and continuing success of the industry is not only of benefit to our customers, but to the nation as a whole.

From the Annual Report and Accounts of the British Gas Corporation 1984/5 available from H.M.S.O., price £2.00. Further information from the Public Relations Department, British Gas Corporation, Rivermill House, 152 Grosvenor Road, London SWIV 3JL.

People prefer gas-and Britain benefits **BRITISH GAS** 

## I require worldwide acceptance from my Card. And I get it.



## Damon to build £30m factory in Scotland

A COM biotechnology plant is to be built in Livingston, Scotland, by Damon Biotech of the U.S. The plant - claimed to be the biggest of its kind in the world - will make monocional antibodies, man-made proteins used by the drug industry. Building of the plant will be un-

dertaken and paid for by the Scottish Development Agency, and the British Government will contribute towards the cost of job training and scientific and medical community was also an important factor.

The Livingston plant will be the manufacturing end of Damon's production of monoclonal antibodies. The existing plant in Boston, Mas-sachusetts - where production ca-pacity is one tenth of that planned for Livingston - will remain the centre for R&D.

BY NOR OWEN

sion in the House of Commons.

ticularly in regard to insurance

costs, were cootent to voice their

adopt an EEC directive on the issue

Mr Alex Fletcher, Under Secre-tary for Corporate and Consumer

Composition of Real GNP Growth

Apr. July Oct. Jan.

Juna Sept. Dec. Mar.

-FY 1984-

from a year before and edged

up 3.2 per cent in April All of

these indicators together sug-

gest a moderate recovery

First surplus in invisible trade balance

Japan's balance of payments

has long been recording a sur-plus in the trade balance and a

deficit in the invisible trade

balance. This changed in April, when Japan recorded a \$93 mil-

lion surplus in the invisible trade bslance, the first black

figure ever. This was attributed

to increased receipts of interes

result of expanded net external

assets - \$74.3 billion as of the

end of 1984. compared to \$37.3

hillion a year earlier. Receipts

of Interest and dividends in April totaled \$508 million, com-

pared to the monthly average

Another cause for the surplus

ts seasonal. The surplus in the

earnings-cost balance of direct

investments increases every

the surplus in April accounted

for 35 per cent of the year's

total. For this reason, it is un-

likely that the surplus in the in-

April, in fiscal 1983 and 1984

of \$232 million in 1984.

personal demand.

Surplus on current account

Private domestic demand

□ Governmental demand

Note: Change from a year earlier.

pected to increase their pre-

tax recurring profits 7.2 per cent in fiscal 1985, compared to

Personal consumption is now

on a moderate recovery trend.

The year-to-year increase in

what slowed in the October-De-

cember 1984 quarter, recording

a 2.7 per cent gata, but re-covered to a 3.6 per cent rise in

the January-March quarter. Large-retailer sales in April in-

creased 2.5 per cent from a year earlier. In view of the fact

that there was one less Sunday

in April this year than last

year, the rate of increase is even better.

sales al large retailers son

19.1 per cent in fiscal 1984.

Moderate recovery in

personal demand



engineering techniques. They were invented 10 years ago in the British Medical Research Council's laborat-

designed to recognise highly specif-ic substances. They are already on the market in diagnostic kits used to identify diseases, and it is hoped they can also be used in cancer

these antibodies is that, unlike con-ventional pharmaceuticals, they at-

Plan to harmonise product

tack only the barmful or diseas cells, without damaging the body's healthy tissue. In other words, they

are very safe." Monoclonal antibodies are not yet on the market for any therapeu-tic use. However, Dr Webb said be expected the first licence for such a product to be granted later this year. "The worldwide monoclonal antibody market may be as much as £4bn in the early 1990s."

This is not the first time U.S. biotechnology companies bave been induced to come to Europe. Last December a Philadelphia-based company. Centocor, announced the set-ting up of a Dutch subsidiary, in-volving investment of \$5m at a plant near Leiden.

The major British producer of monoclonal antibodies is Celltech. Like Centocor, Celltech is working on diagnostic applications, particu-larly through a joint venture recent ly set up with the retail and drugs group Boots.

Mr George Younger, Secretary of State for Scotland, said: "I congratu-late Damon on bringing us this ex-citing project of internetional sig-nificance. We believe that the pro-less which in establish Scotject does much to establish Scot-land's position in the new biotech-

**Cut-price** solution for faster mails

By Jason Crisp

CYNICS WERE quick to point out yesterday that a proposed Ip reduction in the price of second-class postage stamps to 12p should help the Post Office with one of its biggest problems – its poor delivery record for first class mail class mail.

class mail.

The cut is likely to limit the growth
of first-class letters (17p) which
the Post Office - 350 years old
this month - finds unaccountably difficult to deliver on time. By reducing the price of a second-class letter by 1p to 12p from Novem-ber 4, the differential between first and second class will be 42p per ceot, the widest since two streams of mail were introduced in 1968. At present, ebout 60 per cent of the mail goes second class and that is likely to increase once

tha differential is widened.

The 1p reduction coincides with the anniversary celebrations, and an announcement that the Post Office has lifted profits to e record level of around £130m (excluding National Giro) in the past year. It is the overall increase in mail vol-

umes that has enabled the Post Office to make the first cut in price of the basic mail service since the penny post was intro-duced in 1840. The nature of the postal network with its high fixed costs makes it particularly sensitive to the volume of mail carried.

Even now the volume of mail being carried is still less than it was in the 1980s. In spite of considerable recent improvements, productivi-ty is still only on a par with the 1960s, wheo it was considered very low. After the price cut, the average price of mail is still nearby 50 per cent higher in real terms than it was in 1970. Since taking over the chairmanship

of the Post Office in 1980, Sir Ron Dearing has concentrated on tocreasing mail volumes. The object has been to increase volumes, lower unit costs and hold back price rises. An improvement in volumes has followed ag gressive marketing where there was ooce none, and more recently holding price increases below the rate of inflation. There has been a sharp increase in financial mail - partly a result of the growth in the number of credit cards - and in direct mail adver-

Productivity has also increased by 16 per cent in the last five years, largely a result of improved volumes. On one hand, many services have been cut in recent years such as second deliveries in rural areas, Sunday collections and late weekday collections in London. On the other, the number of addresses to which delivertes are made has risen at 2 to 3 per cent a year.

Those changes have occurred during a period in which the Post Office has been severely constrained by tight financial re-strictions imposed by the Government.

Undoubtedly the greatest failure has been the quality of service of the mails. It has been vigorously criticised for its poor service by tha Consumers Association, the Monopolies and Mergers Commission, the Mail Users Association, tha Post Office Users' Na-tional Council and the Institute

ccording to the Post Office's own figures, it delivers 86.8 per cent of first-class mail the first working day after collection compared with a target of 90 per cent. It has been struggling unsuccessfully for years to meet that target. Which? the consumer magazine, said last month that 42 per cent of first-class, long-distance letters failed to arrive the following

working day.
Customers are also quick to point out that Post Office figures are misleading. They say the count starts only when a letter bas been accepted at the sorting of-fice, which ignores the time the letter has spent in the mail box. The count stops when the letter is sorted into a postman's "walk", which leaves room for further de lay or mistakes. Also, problems caused by numerous local labour disputes do not appear in its figures because the normal practice is to close the letter boxes in the area of dispute.

Mr Norman Tehbit, Trade and Industry Secretary, congratulated the Post Office yesterday at cele-brations of its 350th anniversary. He said: The Post Office has shown that with a fully commercial approach and effective productivity measures accepted by the unions and workforce, worthwhile benefits can be shared among the workforce, shareholders and customers."

research and development (R&D). The project is expected to create 300 jobs during the next four years. Damon says the investment will be one of the biggest ever made in be one of the biggest ever mane in biotechnology in Europe. Explain-ing the choice of Livingston as a site, Damon chairman Dr Nigel Webb said: "The UK, and Scotland in particular, has an outstanding The financial assistance offered

Antibodies are part of the body's mmune system which act against invading organisms such as viruses.

Monoclonal antibodies are manmade versions produced by bio-

rries in Cambridge.

The advantage claimed for monoclonal antibodies is that they can be

therapy.
Dr Webb said: The beauty of

liability endorsed by MPs PRELIMINARY STEPS by the Government towards harmonising UK eration of British Industry (CBI) law on product liability with that of the other member states of the EEC the directive on industry. "I see no

doubts and allow a motion approv-ing the Government's intention to to gain acceptance without chal-

would benefit from the injection of certainty into the law on product liability throughout the Community. Retailers would benefit to the extent that consumers would be able

was not necessarily imposing a new burden oo any kind of business to place the large manufacturer and importer on the same footing as the

He believed that the consumer

#### have been approved without a divi- reason why we should assume, in to sue directly the manufacturers of the defective product. terms of insurance costs, that any-Tory MPs coocerned about the ef- thing devastating or disastrous fect on British manufacturers, par- would happen to our industry here, At present, only the immediate supplier, through the retailer, was directly liable for products thet Mr Fletcher maintained that it proved to be defective. Mr Fletcher

romised that there would be further consultations with interested parties before legislation seeking to implement the EEC directive was brought before the House.

## Retail jewellery sales rise by 13%

BY CHRISTOPHER PARKES

THE REVIVING fortuges of British consumers, particularly among the better-off, last year pushed retail since the record year of 1979.

Unit sales rose by 13 per cent, with strong growth in gold and diamonds and e continuation of the decline in the market for silver, according to a study by European Data & Research sponsored by De Beers and tha International Gold

Corporation The value of sales of all precious metal jewellery increased by 35 per cent to total £1 12bn. The gold market alone accounted for more than Elbn of this.

However, the improvement may be tailing off. The study found it began to fade in the second half of last

nd the report com sales this year are likely to remain static or perhaps fall a little.

With an eye on the improving af-ter-tax income of the better-off contrasting with the more modest increases among the lower-paid, the report suggests there could be a healthy increase in sales of more costly jewellery. The gold market is still dominat

ed by sales of the cheapest 9-carat grade, which accounts for 88 per cent of all unit sales. However the past five years have seen the mar-ket share of 22 carat jewellery increase from 3 per cent to 7 per cent The report puts this down to sales to the Asian community which is growing in numbers and purchas-

## Agencies cautious on **BBC** advertising plan

BY RAYMOND SNODDY

A SIGNIFICANT number of advertising agencies are against the broadcasting policy issue for a gen-BBC's taking advertising, a new eration. survey published today shows.

Thirteen agencies that took part in the survey organised by Market- that was of considerable advantage required to take advertising, and a part in the survey.

BBC, with advertising at the top of

Mr Simon Lloyd, media director at Foote Cona & Belding, said the decision on advertising on the BBC nels rather than all of them.

Advertising on ITV and Channel

4 produced a balanced audience

ing Week, the trade magazine, said to advertisers and e great contrast they were against the BBCs being with the mass audience of the U.S. Unrestricted advertising on the further six said they were unde- BBC, Mr Lloyd believes, might discided. Sixty-three agencies took rupt that balance by forcing television companies to go for the largest The survey comes as a Govern- audiences with cheaper proment-appointed committee begins grammes. The quality of advertise-looking at alternatives to the liments on British television would cence fee for the financing of the also fall, he believes.

One of the "undecided" agencies Young & Rubicam, said it believed controlled sponsorship and various The Institute of Practitioners in controlled sponsorship and various Advertising, now working on its forms of programme co-production submission to the committee, is ex-pected to take a strongly pro-BBC able sources of revenue for the BBC as advertising.

> Most respondents favoured ac vertising on just some BBC chan-

## Stadium deal likely

verge of selling his key stake in the ceed." Wembley Stadium and sports complex to a consortium of investors led by Mr Peter de Savary, the fi-

"We have spent two months evaluating Wembley's assets and have met all the shareholders," said Mr da Savary yesterday. "Mr Shamji has indicated he is willing to dispose of his interest and it is clear the buying out of his stake is essen-

MR ABDUL SHAMJI is on the tial for any restructuring to suc-

The £50m deal being put together by Mr de Savary, who is no stranger to the sporting world having put up some £8m to finance the UK entry into the 1983 Americas Cup, involves buying out Gomba Holdings, Mr Shamji's master company, and the creation of a new holding company in which all others with stakes in any of the existing Wembley companies would be offered shares.

#### Japanese economy rebounds as domestic demand strengthens while exports rise moderately

The growth rate of the Japanese economy slowed down greatly in the January-March quarter of 1985. Gross national product grew at a seasonally adjusted 0.1 per cent after inflation from the preceding quarter, according to the Economic Planning Agency. This quarterly gain compared to the 2.3 per cent in the October-December quarter of 1984. The slowdown was attributed mainly to the following factors: -Exports, which had been expanding at a rapid pace, preceding quarter, mirroring mainly the slowdown of the

U.S. economy.

—Private plant and equipment investment gained merely 0.t per cent in reaction to the big jump in the preceding

declined because of "frontload-ing" in the first half of fiscal Compared to the same quarter of last year, however, the first quarter GNP repre-

sented a 5 2 per cent increase in real terms, indicating that the

Japanese economy is still on a

-Public works spending

A bright spot can be seen in the personal demand of the first quarter GNP. Private final consumption expenditures turned upward in the January-March quarter by 0.9 per cent, which compared to the 0.4 per cent rise in the October-December quarter. Housing investment also increased 1.1 per cent. This indicates that the current business expansion has been gradually spreading to the household sector from the busi-

Domestic demand increased in fiscal 1981

Real GNP in fiscal 1984 increased 5.7 per cent from the preceding year to mark the first 5-per-cent-level gain in five years since fiscal 1979. Of the 5.7 per cent gain, private domestic demand accounted for 3.6 per cent, representing a big jump from the 1.9 per cent in fiscal 1983. The contribution of the surplus in the current account texports etc. minus imports etc.) and government demand were almost unchanged at 19 per cem and 0.3 per cent, respectively, compared to 1.8 per cent and 0.2 per cent in fiscal 1983. These figures show that the growth of the Japanese

economy was sustained mainly by private domestic demand. Above all, private plant and equipment investment in fiscal 1984 increased 11.0 per cent. reflecting easy money and favorable business perform-ance. Noteworthy is that the rate of increase in private stocks became positive for the first time in four years since fiscal 1980. A round of inventory cuts ended in fiscal 1983 and businesses began building up their stocks in response to final demand.

Private final consumption expenditures and private housing tirestment in fiscal 1984 rose 26 per cent and 2.0 per cent, respectively. Although the rates of increase were limited to the 2 per cent level, private funal consumption expenditures began picking up in the fourth quarter : January-March 1985; as did housing threstment in the second half of fiscal 1984.

Exports etc. shot up t6.2 per cent thanks to the expansion of the world economy, especially in the U.S., exceeding fiscal 1983's 9.2 per cent rate of increase. Imports etc., which levelled off in fiscal 1983, rose t1.2 per cem, microring in-creased domestic demand. As a result, net exports registered a 25.7 per cent increase in fiscal

Mining-mig, production

London Branch: 4th & 5th Floors, P&O Bidg., Leadenhalt Street, London EC3V 4PA, England

Japanese Bank (International) Ltd., European Brazilian Bank Ltd., International Mexican Bank Ltd.

Head Office: 15. Uchsanzarda tichome Chyoda ku T. No. 10% Jaran To. 10% 596/101 Branches and Agency in: New Yor

turning upward Mining-manufacturing production in the January-March quarter dropped 07 per cent from the preceding quarter, recording the first quarter-toquarter decline in nine quarters. In April, however, it turned upward again, registering a 3.0 per cent increase from the preceding month. The production index of the manufacturing industry compiled by the Ministry of International Trade and Industry forecasts a 3.1 per

Tel 01-283-0929 Subsidiary in London: Dai-Ichi Kangyo International Ltd., Garden House, 18 Finsbury

Circus, London EC2M 7BP, England Tel (01) 920-0181 Associated Companies in London: Associated

Here Angeles Chicago, Randria Bussedorf Tabler Seour Bright of Employer it Representative Offices in the ston Sun Francis Chicago Sacreto, Sac Russia Merico Chy, Carolon Busses Area Frankfur, Party, Macha Busses I Jahana Microb Lunious Bankers, Besing Brunghay, Guangamor Sydney, Maldourine Subeldiaries int bits Angeles Total for material Tubert Hong Wong, Bydney, Associated Companies im Sub Paulo, Hang Wong, Bungkok, Bingar on Macha Comput dayang Marka Sydney.

cent gain in May and a 0.8 per cent decline in June.

The upturn of production can

be ascribed to the recovery in exports. Customs-cleared exports (dollar basis) increased 10.8 per cent in April and 0.8 per cent in May from the preceding month after recording a 6.5 per cent decline in the January-March quarter. Automobile exports to the U.S. increased sharply in and after quota was expanded to 2.3 milhon vehicles in fiscal 1985 from t 85 million in the preceding year. In the same period. China more than doubled purchase of Japanese goods and services. According to a Bank of Japan survey, exports by major corporations will see a 7.4 per cent increase in fiscal 198 Japan's exports as a whole are very likely to continue to in-crease in fiscal 1985. Industrial production will follow a moderate upward trend, considering continued momentum of exports and surging domestic demand which will be detailed in the next section.

Firm trend in capital

spending Private plant and equipment investment, which registered a double-digit gain in tiscal 1984. is expected to continue expanding. The Bank of Japan's survey showed that major Japanese corporations will increase their capital spending by 10.8 per cent in fiscal 1985. This holds true for most industries. Steelmaking, electric power and retail industries, in particular, plan to spend more for plant and equipment this year in sharp contrast to last year's megative growth. The electrical machinery and general machinery industries will carry out active capital spending, although the rate of increase would slow down from the pre-ceding year. The automobile industry is most aggressive with an estimated 25.5 per cent

increase. Behind the aggressive capital spending plans is favorable business performance. Major Japanese corporations are ex-

The average outstanding ba-lance of Bank of Japan note issues in April and May was 6.2 per cent and 2.7 per cent higher than a year before, respectively. The level of BOJ note issue was quite high compared to the average 5.0 per cent increase in fiscal 1984. Wage raises at major private enterprises, another vardstick for personal consumption, hit

> the preceding year.
> Housing investment has also teen on a steady recovery path. Housing starts in the January-March quarter rose 7.9 per cent

Talk it over with DKB. The international bank



#### an average 5.03 per cent this year, exceeding 4.46 per cent in visible trade balance will become permanent. As nel ex-ternal assets are likely to increase in years to come, the inably turn black several years ahead. visible trade balance will prob-



that listens

The next DKB monthly report will appear August 23.

# Look what's happened at Britoil since the Government sold 51% of its shares.

In November 1982, Britoil became a publicly quoted company when the Government sold 51% of its shares to the public. Since then Britoil's achievements have been most impressive.

Britoil is one of the country's leading oil and gas companies. And it's one of the world's largest companies engaged primarily in exploration and production.

Since 1981, its profits after tax have virtually doubled.

Today, Britoil has the greatest share of exploration acreage of any company on the UK Continental Shelf.

During 1984 it produced 61,000,000 barrels of oil - nearly 6,000,000

gallons a day and 69 billion cubic feet of gas.

At the end of 1984, Britoil's worldwide reserves stood at 554,000,000 barrels of oil and 916 billion cubic feet of gas.

Now the Government has decided to offer its remaining shares for sale.

And, as in the past, it intends to give private individuals, not just institutions, a full opportunity to apply for shares.

City institutions, a full opportunity to apply for shares.

Subject to market conditions the offer is planned for the end of this month.

There will be just seven days in which to make an application for shares before the offer closes early in Augustian for shares before the offer closes early in Augustian for shares.

The Offer for Sale document and application
They will also be available from all branches of
Bank of Scotland. But you can ensure you receive
as soon as they are available simply by filling in

Britoll has built up a first class team of exploration, project development and field operating staff led

by experienced

application for shares before the offer closes early in August. forms will be published in many national newspapers.

National Westminster Bank, Barclays Bank and an application form and a copy of the Offer for Sale document this coupon.



Please send me more information about
Britoil and reserve my copy of the Offer For Sale document, without obligation.

Name

Address

Postcode

Send to: Britoil plc, P.O. Box 5000, Bristol, BS99 1GB. Britoil

SOON, THE REMAINING 49% OF BRITOIL SHARES ARE TO BE OFFERED FOR SALE.

Issued by Lazard Brothers & Co., Limited on behalf of H.M. Government.

## **British Gas on** target despite sterling setback

BY DOMINIC LAWSON

THE DROP in the value of the pound cost British Gas more than £100m in its financial year to March, Sir Denis Rooke, the chair-man of the British Gas Corporation, revealed yesterday.

The corporation's 1984-1985 current cost pre-tax profits of £651m on a turnover of £6.96hn, although well down nn the previous year's £849m, are still in line with the financial target set by the Government. The Government's target calls for an average annual return on assets of 4 per cent over four years. In the year to March 1985 - the second in the four-year plan - British Gas has made a return of 3.9 per cent, making an average during the past two years of 4.7 per cent.

But British Gas is facing a steep-er rise in the cost of its gas supplies. Last year the corporation pa average price per therm of 16.28p, almost 23 per cent higher than the previous year's cost. The problem was execerbeted last year as the sharp drop in the value of sterling meant British Gas had to pay much more for the 20 per cent of its sup-plies which it takes from the Norwegian Frigg field.

In the UK sector of the North pay about 26p a therm for supplies from new fields, well above the av-erage for most of its supplies from existing North Sea fields.

Sir Denis said yesterday that be cause of the continuing volatility in exchange rates and oil prices, the corporation was in no position to forecast what would happen to the prices it would charge to consum-ers. Sir Denis added: "I am not feeling anything other than confused."

managed to avoid sharp rises in the

Sir Denis said yesterday be was

Lex: Page 14

ROSYTH AND DEVONPORT LOSE JOBS UNDER GOVERNMENT RESHAPING PLAN

## Private companies to manage dockyards

FINANCIAL TIMES REPORTER

Rosyth, in Scotland, are to be in protest. turned over to commercial manage-

later than April 1, 1987 and is expected to save at least £12m a year, the Government's favoured option rising to perhaps as much as £33m and Mr Heseltine said he had been a year, Mr Michael Heseltine, Demuch influenced by the fact that it fence Secretary told MPs yesterday in the House of Commons. The solution. yards have a turnover of £400m and

port, in the west of England and at would hold a one-day strike today Mr Heseltine said there was al-

most unanimous agreement that a nies The move, coupled with about significant change was needed in 2,400 job losses, will take place no the way the dockyards were run.

"The Government is convinced

THE ROYAL Dockyards at Devon- 8,000 Rosyth workers said they bring in commercial management to run them," Mr Heseltine added. He would seek competitive tenders from "competent British compa

> Regardless of the longer-term management structure, there had to be improvements in efficiency and these would involve loss of

Andrew Fisher writes: Compa nies which have shown an interest in managing the dockyards cover the construction, engineering, nuemploy about 20,000. that the right way ahead is to retain clear, and electronics sectors. Bal-Immediately after the statement, ownership of the fixed assets and to

syth and any involvement would be through its Scottish subsidiary.

Trafalgar House, which owns the Scott Lithgow offshore construction yard on the Clyde and was beaten side and has a contract with tha by GEC over the Yarrow warship yard, could see Rosyth as an alternative to the latter, which it wanted as an extra arm for its wide-ranging engineering and fabrication inter-

is possible. Costain is not just a the Royal Navy and has owned building and civil engineering conshipyards in the past.

**Guinness given Bell** 

sign, construction, and refurbishment of process plants."

Vickers yard to build equipment for the Trident project, sees a possible link between its main manufacturing plant at Renfrew in Scotland and the Rosyth dockyard.

ests.

Mr Terrel Wyatt, chairmen of Costain, said: "We're studying what use. It has e close association with

it at Lloyd's.
Sotheby's will value works of art, and a guarantee will then be issued by Barclays Bank for 35 per cent of this valuation. Barclays will be in-

must be lodged with Lloyd's in the ance recognises the unique creden-tials of Guinness as a partner for Bells and our ability to contribute form of a deposit. Fine art is not acceptable by itself

man, said he was concerned at the

the bank. Sotheby's said the scheme pro-vided an opportunity for collectors to use their works of art as earning

be seen as the main aim. ☐ A FRESH attempt is being made

The dispute, about overtime, has already affected four performances of the Royal Ballet's Swan Lake. D BRITAIN would be robbed of even more independence in its defence and foreign policy by joining

He spoke out as the British Secits Sellafield plant in Cumbria in retary of State, Mr Michael Heseltine, returned from talks in Wash-By majorities of 10 to one, a jury ington with Mr Casper Weinberger, at Carlisle Crown Court found the his U.S. counterpart, on possible

at Carlisle Crown Court found the State-owned company guilty of not keeping radioactivity in discharged nuclear waste as low as reasonably achievable; not giving the public adequate warning of the radiation risk; and not keeping records of radioactive material discharged into the sea. BNFL had pleaded not guilty to all the charges.

At the beginning of the sevenweek trial, the company had pleaded guilty to a charge of failing to keep adequate records of its operations.

The charges were with-

Two other charges were with to have served in the second world drawn during the trial at the war.

judge's direction.

vember 1983.

Sentencing the company, Mr Justice Rose said the primary purpose of the prosecution – the public investigation by a jury of the events of November 1983 – had been ARESHUFFLE of the top ranks

great resources but also that those clue to the Government's thinking resources came ultimately from the

that the discharge that was at the

of harm to the public.

ation exposure . . . was not as low as was reasonably achievable."

## Nuclear group fined over waste charges

to the development of Scotch whis-

Mr Raymond Miguel, Bell's chair-

decision not to have an inquiry "in

view of the consequences for the

business of Bell and the Scottish re-

BRITISH NUCLEAR FUELS has been fined a total of £10,000 and orradioactive waste of beaches near

The charges, alleging breaches of producing regions increased sharp-the 1960 Radioactive Substances ly in the first half of this year lations Act, all related to the dis-charge of radioactive waste into the Irish Sea during Sellafield's annual 

THE COST of running Britain's shutdown for maintenance in No- Houses of Parliament increased by

achieved. Punishment was e secon-

tax-paying public.

He also took account of the fact. heart of the case had been within BNFL's authorised limits.

The judge said it was important that there had been no harm or risk SINCLAIR RESEARCH, the

He fined the company £5,000 for discharging highly radioactive matter and liquids into the sea "to such amount and at such a rate that radi-

## guarantee members of Lloyd's MEMBERS of the Lloyd's insur-

Art will

ance market will in future be able to use their art collections as proof that they have enough assets to meet any insurance claims on

them, writes George Graham.

Hogg Robinson, a Lloyd's broker,
and Sothehy's, the London-based
auction house, have joined to offer
a scheme wherehy works of art can be used as backing for e bank guarantee. The guarantee can then be used as part of the member's depos-

sured by Sun Alliance Insurance.
Usually potential members must show individual wealth of at least £100,000 (\$139,000), half of which

to the Lloyd's authorities as a de-posit. Nor can it generally be used to support a bank guarantee, unless the work of art is itself lodged in

assets, but investment should not

to resolve a stage hands' strike that has cost the Royal Opera House, Covent Garden, in London, more than £100,000 in cancelled perfor-

dered to pay prosecution costs not in the U.S. star wars project, the exceeding £60,000 on four charges Shadow Defence Secretary, Mr arising from the contamination by Denzil Davies, has warned.

☐ TRACTOR salas in Britain's milk-

more than twice the inflation rate

☐ A RESHUFFLE of the top ranks dary consideration.

He said he bore in mind BNFL's the next few weeks could provide a about the successor to the chairman, Mr Ian MacGregor, whose contract still has a year to run. The changes will come ebout because two of Mr MacGregor's senior co-directors, including his deputy,

> troubled home computer group, has promoted Mr Bill Jeffrey to be chief executive. The appointment follows several months' search to find someone to take over the day-today running from Sir Clive Sinclair, founder of the company.

## Court orders union to end ban on railbuses

BY DAVID BRINDLE, LABOUR STAFF

men (NUR) was yesterday ordered in the High Court to end its refusal to operate 25 reilbuses being built discussion with BR on a broad

The union's executive committee is expected to meet this morning to determine its response to the court order, won under the Trade Union Act 1884 and believed to be the first McNeil granted BR's application for the trade of the law against the law agains

buses because they were not built is ready to be moved to Derby for in British Rail's own workshops, evaluation.

THE NATIONAL Union of Railway- where 4,800 jobs are to be axed over

front, including the Issue of driver-

time BR has used the law against one of the rail unions.

On the basis of its recent conferure.

On the basis of its recent conferure. our involve, seem of pre-strike ence decision in favour of pre-strike our involve, seem that the issue had itself under the Act by calling for a been taken to court. Everything vote on its refusal to operate the trains. If the union stands firm, issue without recourse to the law."

The 25 diesel railbuses at the heart of the dispute are being built by Walter Alexander of Falkirk. The union is opposed to the rail- Scotland. BR says one of the units

WORLD TRADE NEWS

Up till now the corporation has

prices it charges — which would weaken its hold on the UK heating market — by reducing its non-gas costs. During the past two years a reduction of almost 9 per cent has

In 1984-85 the corporation was a net payer to the Government of £698.7m, compared with £828m in the previous year. The gas levy was reduced from £521.5m to £500m.

"neutral" on the benefits of privati-

Telecom deal backed by Oftel son, a jont venture between Thorn EMI and LM Ericsson of Sweden. In spite of his approval he wants BT to restrict its purchases to less

British suppliers GEC Telecommu-

nications and Plessey more time

PROFESSOR BRYAN CARSBERG, director general of the Office of Telecommunications (OFTEL) has approved Brtish Telecom's decision to buy a second system of digital telephone exchanges from Thorn-Erics-dered up to £100m of AXE10 exchanges from the first public interest. a foreign system. At present Thornbetween 300,000 and 500,000 in 1987. Prof Carsberg's investigation fol-

changes developed and manufac-tured by LM Ericsson the first time pressures on price and delivery and it had made a substantial order for gain additional security of supply to improve its ability to satisfy its custhan 20 per cent of its total ex- Ericsson is to supply 100,000 lines tomers' demands and finance its change needs in order to give its in the second half of next year and services.

Editorial comment, Page 12

bid clearance

FINANCIAL TIMES REPORTER

GUINNESS, the brewing group, has been given clearance to go ahead with its contested £303m takeover

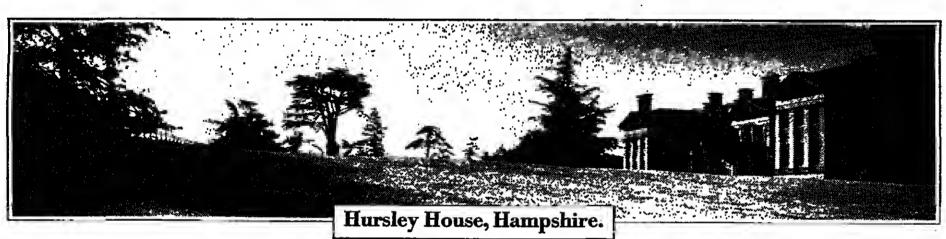
bid for Arthur Bell, the independent Scotch whisky group.

The Office of Fair Trading has

decided that the bid should not be

Mr Ernest Saunders, Guinness chief executive, said: "This clear-

# UPDATE ON IBM, JULY 1985. Asurprising number of IBM products start here.



At the end of the main street in Hursley village is the entrance to Hursley House, built in 1724. And in the grounds of the House is a complex that looks remarkably like a modern university.

Its story is fascinating.

At the end of 1958, IBM British Laboratories moved into Hursley House with a staff of 40.

Today, nearly 1,700 people work there, some with skills unique to Britain.

Hursley has grown because it has been so successful as an IBM development laboratory. It now has sole responsibility for a number of important products made and used throughout the world.

#### **HURSLEY INNOVATIONS**

One of Hursley's earliest successes was the design of the first IBM computer to use 'microprogrammed' control. Following from this, Hursley developed a key model in IBM's first range of compatible computers, the famous System/360.

Between 1966 and 1971, Hursley was also responsible for PL/1, the first general purpose programming language for both scientific and commercial users.

More recent products developed by the laboratory include two workstations based on the IBM Personal Computer and the 3279, which is IBM's standard colour display terminal.

Because graphics, particularly in colour, are

able to communicate far better than numbers, the demand for systems with sophisticated graphics facilities is growing. Hursley shares worldwide responsibility for developing IBM's computer graphics.

#### TRANSACTIONS BY THE MILLION

Hursley has also been assigned the continuing development of IBM's most successful software program, which enables large banking, insurance and manufacturing companies to keep track of millions of different transactions throughout the world.

As information handling grows, so does the need to store it. Hursley is at the forefront in designing disk storage devices which are faster, smaller, cheaper. And provide ever-increasing capacity.

Many of these products are manufactured in IBM's British factories - which now export a surprising 85% of what they make.

The demands of information technology are accelerating and so are the challenges to the laboratory. Little did the builders of Hursley House realise that they were laying foundations for a high-tech future.

For more information, please write to: IBM United Kingdom Limited, External Programmes, South Bank, London SEI 9PZ.

JUST THE JOB FOR BRITAIN.

#### NOTICE OF REDEMPTION

To the Holders of

## Bank of Tokyo (Curação) Holding N.V.

U.S. \$100,000,000 125% Guaranteed Bonds Due 1992

NOTICE IS HEREBY GIVEN to the holders of the 12%% Guaranteed Bonds Due 1992 (the "Bonds") of Bank of Tokyo (Curação) Holding N.V., a Netherlands Antilles corporation established in Curação (the "Company"), that pursuant to Condition 5(b) of the Terms and Conditions of the Bonds, the Company has elected to redeem, on August 23, 1985, a part of the Bonds in the aggregate

principal amount of U.S. \$6,000,000 and bearing the following serial numbers at the redemption price of 101% of the principal amount thereof, together with accrued interest to such date of redemption which will amount to \$71.19 for each Bond.

#### SERIAL NUMBERS OF BONDS TO BE REDEEMED

Payment of the redemption price and accrued interest to such date of redemption will be made on or after August 23, 1985 upon presentation and surrender of the Bonds to be redeemed. together with all appurtenant coupons maturing subsequent to August 23, 1985 at the principal offices of any of the following Paying Agents, namely. The Bank of Tokyo Trust Company in New York City, The Bank of Tokyo, Ltd. in Brussels and London, The Bank of Tokyo (Luxembourg) S.A.

in Luxembourg and Bank of Tokyo (Switzerland) Ltd. in Zurich, except that payment of the above-mentioned accrued interest will be made only at the aforesaid office of any Paying Agent other than the Paying Agent in New York City.

On and after August 23, 1985, interest on the Bonds to be redeemed will cease to accrue.

BANK OF TOKYO (CURAÇÃO) HOLDING N.V.

By: The Bank of Tokyo Trust Company as Fiscal Agent

#### **MANAGEMENT**

MANY European and American companies are responding to the challenge of Japanese com-petition with all the precision of a novice duck hunter who either aims at the wrong kind of bird, or shoots persistently behind bis prey.

Sucb companies are not only failing to achieve a vital compelitive advantage which the Japanese gain every day, by cross - subsidising between national markets. By becoming preoccupied with matching Japan's low-cost economies of scale, and neglecting to build strong international distribution networks and brand franchises, they have also ensured that they remain behind the Japanese compelition — and vulnerable to it.

This is the essence of a broadly-based and swingeing attack on conventional wisdom obout global competition and atrategy by two academics writ-ing in the latest edition of the Harvard Business Review.\*
The current perspective on "The current perspective on global competition and the globalisation of markets is incomplete and misleading," argue Gary Hamel, a lecturer at the London Business School and Professor C. K. Prahalad of the University of Michigan. "Corporate response to the threat is often misdirected and mistimed," say Hamel and Prahalad, who call for new concepts of competitive analysis and organisational structure.

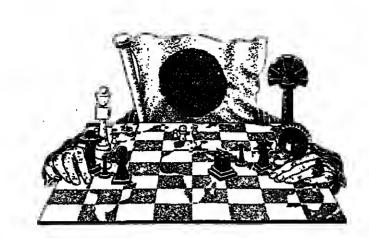
Patterns of international crossubsidisation apply to many in-dustries, they claim, including consumer electronics, computers, aircraft eogines, tyres and chemicals. In each case it has been international cash flowa rather than scale econowhich have determined competitive success.

Global competitors are not battling simply for world volume but also for cash flow to support new product develop-ment, investment in core technologies and world distri-bution." Compelitors with global distribution and wide product lines are best able to justify investments in new core technologies. "Witness Honda's leadership in engine technology, a canability it exploits in automobiles, motorcycles, snow-mobiles, lawnmowers, power

generators and so forth. generators and so form.

Hamel and Prahalad argue that companies which decide just to "oestle in their home beds" will be at an increasing disadvantage in terms of resources, if not costs. "They will be unable to marshat the forces required for a defence of the home market."

If a global competitor spots



## The dangers of home comforts

Christopher Lorenz on Western misconceptions of Japan's global push

must fight for access to their competitors' market. "If no one challenges a global com-petitor in its home market . . . its profitability rises, and the day when it can attack the bome markets of its rivals is bastened. That IBM shares this view is evideot from its pitched battle with Fujitsu and Hitachi in Japan."

lems currently being rspidly accelerating product experienced by Europe's lead-life cycles and expanding acrossing company, Philips, in spite of contiguous market segments." its clear recognition of global By the end of the decade, "the

sensitiva than at bome, "it will target that market on its global road. Domestic competitors will be caught unaware."

The implications for strictly domestic companies are clear, say Hamel and Prahalad: they location is constantly shifting: falled to understand the intended to the constant of the cons from Japan to Korea, then to Singapore and Taiwan."

The advantages to be gained by economies of acale are parti-cularly vulnerable to radical changes in manufacturing technotogy, the authors stress, as well as to creeping protec-tionism in export markets.

Throughout the 1970s Japanese TV makers therefore in-In the TV set industry, by vested beavily to create strong contrast, the two writers casti-gate U.S. manufacturers for franchises, and thereby to their inadequate response to the "add another layer of competi-emergence of global competitive advantage." They "forcetion, and underline the prob- fed distribution channels by If a global competitor spots a more favourable growth rate in a foreign market populated by contented and lazy competitors who are unable or unwilling to fight back, and with customers that are less price.

If clear recognition of global by the end of the decade, "the Japanese competitive advantage to fight bad evolved from low-cost to world-scala volume to world-scala volume and worldwide brand positions and worldwide brand positions and by offering higher quality, customers that are less price.

If clear recognition of global by the end of the decade, "the Japanese, American companies bad to fight arrangements must go hand-in-ance the United States. When U.S. and worldwide brand positions across the spectrum of companies reduced prices at home, they subjected 100 per some the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States arrangements must go hand-in-ance the United States. When U.S. arrangements must go hand-in-ance the United States are companies are companies are unable of the decade, "the United St

tailed to understand the inten-tions of their rivals, and correctly to interpret their changing tactics. They res-ponded by reducing costs and catching up in technology. Even as RCA, GE and Zenith "patted themselves on the back for elections the cost

for closing the cost gap, the Japaneae were cementing future profit foundations through investment in global brand positions "-not just in the U.S., but in Europe and third markets, with all the consequent potential for cross-subsidisation. While Zenith and RCA bad dominated the TV business in the U.S., neither had a strong presence elsewhere. "With no choice of competitive venne [unlike the Japanese], Ameri-

but thanks to its wide global spread only a fraction of its business was similarly exposed. Like the U.S. TV set makers, companies defending domestic positions are often sbort-sighted about the strategic in-

could force them to cut prices,

tentions of their competitors, warn Hamel and Prahalad. "With no appreciation of atrategic intent, defensive-minded competitors are doomed to a perpetual game of catch-

From its European base, Philips bas always benefited from the kind of international distribution system that its U.S. competitors lack. It has also, belatedly, established low-cost manufacturing. But it has its own set of problems, especially those of "weaving disparate national subsidiaries into a coherent global competitive

International companies such as Philips and General Motors prospered in the frsgmented and politicised European market by adopting the "local face" of a good multinational citizen, re-call the two authors. Today Philips and other multinationals Philips and other muturationals need a global strategic perspective, and a corresponding shift in the locus of strategic responsibility away from country organisations. But this need conflicts with escalating demands by bost governments for actional responsive perspective.

The resulting organisational problems are complex, and require complex, ambiguous solutions, in which the authority for resource allocation needs to be located at different points in the organisation for different "subsystems"—manufecturing marketing distribution and marketing, distribution and so

Because of this, decentralised and self-contained "strategic business unit" structures (SBUs), which bave been popular in the U.S. for many years and are now taking root in Europe, are inappropriate, claim Hamel and Prahalad. "A strong SBU-type organisation may not facilitate investments in international distribution," and the independence of the various independence of the various businesses may make it difficult to cross-subsidise between them. Global competitors may bave

to "slice the company in one way for distribution invest-ments, in another for technoments, in another for technology, and in still another for manufacturing." As in their understanding and implementation of global competitive strategies, they "must have the capacity to think and act in complex ways." New analytical concepts and new organizational concepts and new organisational arrangements must go hand-in-

Training

## An advocate of change

Alan Pike talks to Sir Richard O'Brien of the EITB

recrult adult labour from the outside market the directors

from outside if a company is training its staff properly."

Sir Richard O'Brien makes this statement with the certainty of one who has no doubt about the link between industrial training and economic success. Judged by the overall level of investment in training in Britain in the past overall level of investment in training in Britain in the past, though, the link bas seemed less certain to many UK industrielists. A recent Manpower Services Commission estimate put spending on training by private aector companies at 0.15 per cent of turnoverwhold to compares with at least 3 to 4 per cent by leading companies in West Germany, Japan and the U.S.

But Sir Richard is convinced

But Sir Richard is convinced that a fundamental change in attitudes is under way. If this is so, be has undoubtedly played a part in bringing it

Sir Richard retires this month after three years as chairman of the Engineering Industry Training Board, one of the bandful of statutory boards which survived the Government's enthusiasm for the introduction of voluntary industrial training efforts after the 1979 election.

At earlier atages of his career Sir Richard had a background in engineering, as a director of Delta Metal and industrial relations director of the then British Motor Corporation. But the most remarkable part of his previous experience which he took to the EITB was six years, between 1976 and 1982, as chairman of the Manpower

Services Commission.

During his time at the MSC the New Training Initiative was devised—to improve links between school and work, reform apprentice training and find ways of enabling adults to respond to the needs of techno-logical change through regular retraining. At the engineering training board, Sir Richard bas experienced the difficulties and satisfaction of implementing these guiding principles.

The changes in attitudes towards training which Sir Richard detects in the engineering industry arises from the very fact of new technology itself, "You simply cannot run

unless you know exactly what you are doing. The conse-quences of not knowing what outside market the directors should be complaining to the personnel manager. There you are doing are catastrophicabould be no need to recruit from outside if a company is companies today, from the largest, which "There are few engineering companies today, from the smallest to the largest, which do not talk the language of new

do not talk the language of new technology. This impact of technological change means that they must completely rethink their attitudes to training."

Some of Sir Richard'a ideas on what the reform of training will mean to the engineering industry are far-reaching. He suggests that the UK engineering industry of the near future will employ only qualified staff. "It will no longer be efficient to have unqualified people in an engineering company. Everyengineering company. Every-one has to be properly trained

and performing functions which deserve to be recognised by good, practical qualifications and certification." The supervisory area is one where Sir Richard belleves the industry particularly needs to employ more highly qualified and well trained staff, including people of engineering degree level.

#### **Immediate**

As Sir Richard acknowledges, the problem is that the benefits of training often do not come on stream until long after the initial investment has been made. For this reason many employers have traditionally preferred to invest in areas of more immediate return and about shertages of workers when they arise.
This is precisely the sort of

problem that the training board has to worry about. But during the period when Sir Richard was appointed to the EITB it was equally preoccupled with

worrying about itself.
Although the board had survived the Government review which led to the prominent leading engineering companies bad lost all confidence in it.
This culminated in repre-

This culminated in representatives of Ford, Austin Rover, GEC, ICL, Lucas Industries, Perkins Engines, Smiths Industries, STC, Talbot, Plessey, TI Group, Vauxhall and Vickers last year calling upon Tom King, the Employment

EDITED BY ALAN CANE

IF A COMPANY has to a flexible manufacturing system Secretary, to abolish the EITB. The critics accused the board of being preoccupied with old-fashioned mechanical engineering craft training et a time when advanced technology and a growing shortage of key workers to operate it — were the true priorities facing engineering training.

Relationships between the board and some of its most prominent customers were remarkably low. Board officials occepted some criticism but, they argued, there was surely a case for reform rather than abolition.

The Government, however, decided against abolition and

down the path of reform.

Innovations since last year have included the creation of a new advanced technology training unit within the board. Development programmes for board staff—and the use of secondments from the industry —are taking place to ensure that the EITB can provide com-panies with the right advice and

services.
Sir Richard believes that, as a result of these and other changes, there is now more sympathy and understanding about the board throughout the engineering industry.

The man who was chairman of the Manpower Services Commission at a time when there were far more statutory training boards than there are today remains convinced of the need for a statutory organisation in engineering, with power to levy money from employers to finance the wider training requirements of the industry.

And the man who chaired the MSC when the present New Training Initiative priorities were launched believes that the training tax should form part of the debate over bow to achieve those objectives.
"I am absolutely in favour

of employers being responsible for recruitment and for meeting a number of the UK's most involved in that recruitment, I am not implying that the costs of training should shift from employers to the State. But there are important questions to be resolved about bow costs and be shared to reflect the local, industrial and national levels of interest. The case for and against a national training tax needs to be considered in this context."

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#### **TECHNOLOGY**

## Case for using glue is stronger than ever

to look uneasy and reach for are coming into increasing use.

warranted; work just completed by the Department of Trade by the Production Engineering and Industry, seven leading Research Association (PERA) adhesive manufacturers and 28 at Melton Mowbray shows conclusively that adhesive bonded joints in sheet steel are stronger than either riveted or spot-

joining components. The irrelevant and misleading, characterislics of metals, after especially when applied to rigid all, are widely known and components, trusted by engineers and there

MENTION GLUE to the aver- or the new "composites" (fibres age engineer and be is likely or metal in plastics) that For several years it has been welding torch or riveting gun.

That attitude is no longer their use in a project supported engineering companies.

Some interesting findings an extensive programme of practical tests at Melton Mowwelded joints of the same bray showed that the proca-dimension. dures commonly used to The trouble is that adhesives evaluate adhesive performance are not as widely understood are inadequate for engineering purposes. In particular, existional engineering methods of were shown to be ill-conceived,

are basically only three — that much of the development steel, copper and aluminium work in formulating adhesives and their alloys. and their alloys.

Where permanent assembly is needed, manufacturers may be missing out by not glving more consideration to adhesives. PERA believes joining methods could be radically altered, whether the components are made of established materials

for structural applications has have been conducted to analyse the performance of lap and a coocentration of effort in accord (diagonal) joints using proprietary adhesives, but the the so-called "toughening" of results remain confidential to adhesive properly and to allow it to cure.

In general, the less time required for the bonding process, the poorer the performance of the joint. With hot melt adhesives the joint with a production can be slow compared with say, apot-welding or riveting. Time is needed to analyse the performance of lap and a coocentration of effort in proprietary adhesives, but the programme participants at the programme participants at the moment.

But details of the work on joint strength prediction bave the joint. With hot melt adhesives properly and to allow it to cure.

In general, the less time required for the bonding process, the poorer the performance of the performance of intervention can be slow compared with say, apot-welding or riveting. Time is needed to analyse the performance of intervention can be slow compared with say, apot-welding or riveting. Time is needed to analyse the performance of lap and a coocentration of effort in proprietary adhesives, but the programme participants at the programme particip

Tests show that adhesives produce tougher bonds in steel than welding or rivetting, reports Geoffrey Charlish

principles, it has established giving an advantage in modern that the strength of an adheave head fexible manufacturing systems. bond can be predicted reliebly in some cases, load distribution if the material properties of in the components making up the adhesive and the components to be headed as the components. components,

Furthermore, PERA believes that much of the development work in formulating adhesives for structural applications has been misguided and has led to the performance of lan and some mind and some mind

be accomplished in one opera- always never strong enough. so that the components are seldom distorted or damaged.

been converted into microcom-puter software to allow only 40 seconds or so available engineers to deal with a wide variety of joints and loading conditions.

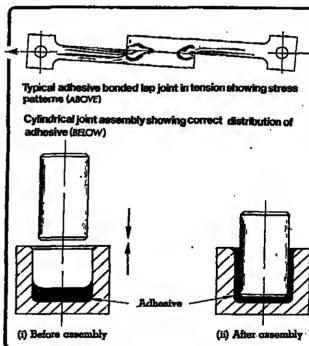
There are several advantages It also bas to be appreciated in using adhesives. Unlike that the polymers used for most mechanical methods, no edhesives are not as strong as critical positioning of the parts engineering metals. So the is needed and manufacturing joints must have sufficient area tolerances can be relaxed.

— usually achieved by lap Often, sealing and joining can joints. Butt joints are almost

New factory disciplines are By going back to first is only needed from one side, vary with both the advantage hat the strength of the stre process, techniques bave to be developed for the removal of excess adhesive squeezed out of a joint, although this can be minimised by applying a minion is reduced.

But there are drawbacks. For So costs may be incurred above those of normal joining

> A third of the 80-page PERA report is devoted to production processes, covering surface conditioning, adhesive preparation In general, the less time re-quired for the bonding process, assembly, surface wetting, the poorer the performance of solidification and joint inspec-



Adhesive bonding can be automated, although most of the applications are atill in the vehicle industry. The main advantage is that control of adbesive application and com-ponent positioning can be

improvad, raising quality. In addition, human operators are not subject to hazards.

Further work is planned at PERA, which seeks further aponsorship from adhesive makers and users.

## Neville House, 42/46 Haglov Road, Edghaster, Barningham, B16/8PZ elephone: 021 456 Z277 Teles: 33365 Sun power for Alpine telephones

resorts are to be equipped with solar powered telephones by Plessey Radio Systems, Havnt, in a £100,000 deal with the Swiss telephone administration.

The resorts, high in the

The resorts, high in the Alps, are beyond the reach of both the fixed telaphone power supplies.

The Plessey units get the necessary power from a polemounted solar panel. Connection to the nearest telephone exchange is by means of a

exchange is by means of a 1,500 MHz radio link. The system was originally developed for remote parts of the Third World, but the Swiss are the first to take advantage of It.

#### An electronic message taker

A DEVELOPMENT by Convergent Technologies, Amersham, allows workstations in office systems to be connected to both voice and data networks.

Called Voice Processor, the Called Voice Processor, the system allows the user to benefit from message taking, storing and forwarding for digitised voice messages as well as keyed data.

Verbal messages dictated into the system are digitised, that is, they are turned into a coded stream of pulses of the same form as computer data. They can be sent over the in-

They can be sent over the internal system like data, or ex-ternally over phone lines via

#### New CAD unit

APPLIED RESEARCH of Cambridge has launched Prodigy, a £35,000 stand-alone colour workstation for com-puter aided design (CAD). It comes complete with CAD software for architectural, construction and engineering applications, as well as bard and floppy disk and a printer.

## Bright prospects for independent computer maintenance industry

and Sullivan which estimates departments.
growth rates of over 30 per Cent a year up to 1989 in many (TPM) bas a number of advan-

ent computer maintenaoce companies, placered between computers designed never to break down and computers whose faults can be diagnosed over a telephone line?

The answer, surprisingly, is bright in most parts of Europe, according to a survey by New York based consultant Frost and Sullivan which estimates growth rates of over 30 per cent a year un to 1989 in many

European countries, tages, users say, according to Third party, or independent, Frost and Sullivan. These in-TPM: EUROPE'S TOP 12 COMPANIES

	Tumover (S)	Market sha (%)
Computer Field Maintenance	11.6m	6.9
DPCE Holdings	9.5m	5.7
Xtec/Yollwood	9.3m	. 5.6
Systems Maintenance & Services	8.6m	5.2
Cable and Wireless/Eurotec	7.8m	4.6
CGEE Aisthom	7.3m	4.4
	7.3m	4.4
Telub	5.8m	3.5
Informat	5.2m	3.1
ITS .	5.0m	3.0
Control Data corporation	4.6m	2.8
GCS Engineering Kode Services	4.111	2.8 2.5

WHAT FUTURE for independ computer maintenance is a comcuter maintenance paratively recent phenomenon cheaper than the manufacturers' own mainteoance service. Com-puter Field Maintenance, for example, reckoos to charge typically 15 per cent less Third party companies are reckoned to be faster and more

responsive.

There are drawbacks, however. Manufacturers argue that TPM engineers are inevitably less well trained and up to date than their own specialists.

Furthermore, they may not hold adequate stocks of apares or at the same price as the

a distance from signals sent evidence that companies are over a telephone line. Frost finding it cheaper to insure and Sullivan believes that TPM against their computers going companies will invest in this wrong than to sign what seems kind of equipment when there is sufficient market pressure. Hardware repairs still mean Such schemes are available in Such sc sending an engineer out with Europe but have made little a replacement part even if the impact yet. Third Party Maioactual fault can be diagnosed



computers with self testing circomputers with ser testing the cuitry built in are not seen as a threat to TPM companies.

The biggest threat is computers which are so reliable, they simply never need to be repaired at all. When the "computer on a chip" arrives, Freet and Sullivan notes what manufacturers.
What of the future? Remote diagnostics, pioceered by the Amdahl Corporation in the U.S. Fost and Sullivan notes, what walkes it possible to identify hardware and software faults ot distance from simple cent

tenance in Europe \$1,950.

# Bonus for prepasted wallpaper

Prepasted wallpapers hava emerged in only the past 15 years and represent an unsung technological achievement. For the bousebolder or professional decorator, they remove from papar hanging the tiresome and messy business of mixing up paste and slapping it on the wallpaper.

Instead, the prepasted paper is immersed in water for about 30 seconds to dissolve chemicals in the paste. In contact with the wall surface, the chemicals form bonds that are respon-sible for adbesion.

The problem for the paper manufacturer is coating on the paste. Most available techniques are complicated and entail other production processes besides the printing techniques with which the manufacturer is familiar.

Allied Colloids, the Bradfordbased chemicals and process-treatment company, has introduced new forms of paste in solvents which can be applied ALAN CANE to paper by rollers normally replaced an earlier technique in

## BRITAIN'S wallpaper industry could receive a boost from the development of a new series of solvents that makes production of prepasted coverings less prepasted type of product can do so without buying expensive bardware geared specifically to

coating paste.
Furthermore, the wall covering enterprise can quickly change its production routine to turn out a prepasted version of a popular pattern normally supplied in the non-pasted form.
All it has to do is to add a quantity of paste to a roller system normally employed for

> The paste is in the form of an inorganic salt of an acrylic compound, The water-soluble salt is applied to the paper by a roller while diapersed in an organic solvent such as white spirit. The paper needs only to be dried in an oven (to evaporate the paper needs)

the solvent) before it is supplied to the shops.

Conventional techniques to

complicated. In one method, a starch slurry is added by special equipment in which compressed air regulates the thickness of U.S. and the coatiog. This bas largely prepasted.

which atarch dust (which forms the wallpaper. Processes which involve starch-based pastes suffer from the drawback that the starch is decomposed at high tempera-A second way of producing

prepasted papers uses an acrylic resin coated on to the paper, again with a technique that uses compressed air. Unlike the substance in the Allied Colloids product, the resin is not

It has to be converted to a sodium salt (which will dissolve once immarsed in water in the bome), by a second process in which sodium carbonate is added to the covering. This adds to the costs of the process ing operation. The innovation could increase

the percentage of wallpaper sold in Britain that is prepasted, now standing at about 10 per cent. UK wallpaper sales add paste to wallpaper io manu-facturers' factories are more Other countries have Other countries have been quicker to take to prepasted wall coverings. More than 70 per cent of the paper sold in the

U.S. and Canada each year is

PETER MARSH

Television/Godfrey Hodgson

## The case for a sporting channel

A streaker, on the sacred turf of Royal St George's! Following Instructions to give no encouragement in such exhibitionism, Ricky Tilling, the BBC senior director who was picking the shots from the trailer, selected only a long shot, from which it was, however, possible to perceive that the streaker was of the male gender.

The commentators made little fuss of the incident, Sport on television has become a very big fuss indeed, and nowhere a bigger fuss than at the Open. Wimbledon with almost as many cameras and a bigger audiences, is more static and more predictable; the Test march, in comparison, where Richie Benaud's late night high-lights are a model of swift editing and enlightening commentary, is a doddle.

The BBC's presence at Sandwich, for example, consists of five full outside broadcast units, not to mention half a dozen other assorted vehicles for television or radio.

On the course, 15 live cameras in fixed positions were supplemented with thre mobile mini-cameras. Some of the camera-men were perched high on gantries of scaffolding, others lifted 30 ft into the air in the bucket of mobile cranes.

You take it for granted that sound studio? you will hear the wind whistling He was a ca across the Sandwich dunes, the crack of the driver and the fat printable. But any thoughful plop of well hit from shots view of the impact of television plop of well hit iron shots dropping on to the green.

You probably don't realise that those sounds come to you by courtesy of fixed rifle mikes on every tee and every green, supplemented by sound men roaming the fairways.

Ont on the course the BBC alone bas between 40-50 miles of the new, improved coaxial cable, ABC, Kerry Packer's Channel Nine and the Japanese are here in force, too—not to mention OB

Sandy Lyle had played his But with the Spaniards and the drive to the 18th and his West German Bernhard Langer partner, the avuncular Christy to the fore, not to mention the O'Connor, was poised to hit his, when a distant tumult was relayed from the green.

But with the Spaniards and the Green and the Swedes, it can only the a matter of time before another half dozen OB vans. be a matter of time before another half dozen OB vans, each as big as a horsebox, put in an appearance.

Seventy steps up on the roof of the stand behind the 18th green, Harry Carpenter and the rest of the commentary team peer into monitors.

The call it the commentary box" is a misnomer: It is a wooden but 30 ft long, and more than 20 people are at work

Alongside each commentator there is a scorer in headphones, and along the other wall of the commentary box another dozen people are watching dozen people are watching Aston and Ryley computer graphic machines to put players names, hole indent, screen.

In the BBC trailer, the director, Tilling, and his execu-tive producer, Harold Anderson, are sitting at a panel of monitors that would not disgrace any major studio, with five VIR machines playing into three VT sources and 10 live camera pictures available on

two remote monitors.

When Rnyal St George's was used as an artillery range in World War II, Henry Longhurst said it was like chucking darts at a Rembrandt. What would Longhurst say now if he saw its rolling acres of largs and wild-flowers transformed into a

He was a cantankerous chap, and his thought might unt he on sport, and the scarcely less dramatic impact of sport on television, would have to be a halanced one.

Professional sport is fast turning into sport on television. Crowds dwindle at all but the biggest football and cricket matches. Lords and the Oval, matches. Lords and the Oval, as well as first division foot-ball grounds, may soon be abandoned to the exhibitionists. It is increasingly tempting either to play yourself—both park football and beer cricket units from ITN, for the spot news, and from a facilities house, Trilion.

For the moment, European networks get their coverage from the BBC via Eurovision.

For the BBC via Eurovision, fellow spectators alike.



The BBC cricket commentary team at Lords

There is more to it than that, though. I was lucky enough in watch the Lord's test from the balcony of a friend's box. Every time we saw a wicket fall, we rushed into the box to watch it again on television slo,mo.ushed into the box to watch t again on television slo.mo.—
ecause otherwise we were not ure what we had seen.
So television is transforming a worthy one. After all, as long because otherwise we were not sure what we had seen.

the traditional professional spectator sports. It is also the taking up as sports what our grandparents called "pastimes." Yesterday darts, today snooker and bowls, tomorrow spillikins? and howis, tomorrow spittings?

People who have never potted the black sit pop-eyed over smooker long past bedtime. Working class families where grand-dad would bave sneesed at a pink coat follow show jumping and eventing as grand-dad once followed Tranmere Royers

Rovers.

As television brings in a new andiences for sports that here audiences for sports that have scarcely bad audiences before,

cigarette manufacturers.

There are the ads round the edge of cricket fields and football grounds, the show jumpers and raceborses with names that make them four-footed bitt-boards. The camera lingered repeatedly on David Graham's bat: was it pure chance that it carried the legend "Manu-facturer's Hanover."

by insurance companies or

A nation cannot exist half-slave, balf-free, said Abraham Lincoln, and an international sporting system cannot exist half-amateur, and half-commercial. There was genuinely a lot to be said for amateur sport. but it is a long time since it was cremated and its ashes taken to the United States of America.

British sport-like British banking, insurance or communi-cations—occupies a dispropor tionately large corner of a world professional sports in-dustry which over the past 20 years has been dominated by the United States.

All this is familiar ecough What no one seems to have done is in draw the logical concinsion: a separate sports channel on television.

That would enable those of ns who love to watch golf all day and snooker all night, with cricket highlights as a nightcap. lo do so without interfering with the habits of those of our loved-ones who want to watch soap operas, or news, or the Open University. to its producers a well-meaning

It could not only pay for itself, in advertising and spon-

It could generate some money to improve training faci-lities for British athletes, fool-hallers, tennis players and snooker players. Any wise in-dustry makes provision for training and research and development.

Programmes."
Yet the effort reminds me, not so much of the old lady who tried to sweep the sea back with a broom, as of the King Canute of legend, who they have could simply tell. Incidentally, it would make a valuable coorribution to the RBC's revenues, hecause the BBC sports department is so professional and so talented that the sports network would have to take much of its coverage from the BBC. Wouldn't that be the best of

And in the meantime, wasn' professional sport withers for advertising works teams and it a good idea of Channel Four's lack of money. Amateur sport cricket competitions sponsored to give us the Tour de France.

## Ballet Rambert/Battersea

Clement Crisp



Bruce Michelson, Mark Baldwin and Mary Evelyn in "Revolutionary Gestures

for a seasoo in the Big Top io dressed—lurex tights, faintly Battersea Park, sponsored by the Ford Motor Company, and it showed its newest creation worn nver leotards—and their by Richard Alston as the centre of an opening programme on Monday

The title, Dangerous Liaisons, owes nothing to Choderlos de Laclos and everything to Stmon Waters, whose electronic score provides name and ground-base for Alston's bigh-energy dances. The music is sharply, often harshiy contrasted in sonorities; the choreography, using two trios of one man and two women, breaks and re-forms from an initial structure, its permutations seeming linked by the echoing and transfer of movement ideas, or by the frac-turing of anticipated patteros.

It is very satisfying 10 watch, not merely on the obvious terms of its Ingenious fragmentations and re-alignments of forces, but through the sure way that Alston controls the ebb and flow of activity.

The performers are discreetly physical relationships are en-hanced by Peter Mumford's lighting, outlining them boldly or shadowing them with mys-

threads in be seized after fur-ther viewing, but like Alstan's Roinbow Ripples which preceded it in the programme, Lioisons pleases by the way its forces are marshalled an stage in non-literal fashion. The dancers— Catherine Becque, Siobhan Stanley, Ian Stewart, Lucy Beth-

Catherine Becque, Siobhan Stanley, Ian Stewart, Lucy Bethune, Catherine Price, Robert Poole—do handsomely well.

Rainbow Ripples cast its usual unpredictable spell, strong dancing set against—and sometimes with—the canonic repetitions and nverlaying of words, with the sudden prettinesses of ballet for 1986. Ballet Rambert's tions and nverlaying of words, with the sudden prettinesses of xylophone and marimba tunes a final release of verbal and dynamic tension.

Munich Festival

**David Murray** 

It looked good in its new home—whatever the indignities of the tent liself, its stage is generous in area—and it was given with entire assurance by

This first of three programmes begins with the garrulities of Dan Wagoner's Revolutionary Gestures, a caprice that seems longer than Porsifol but less comic, and ends with Christopher Bruce's Ghost Dances.

Ballet Rambert's season got off to an auspicious start with the news that the company had raised more than £330,000 of its £500,000 appeal. The money is

ballet for 1986, Ballet Rambert's Diamnod Jubilee Year, A new production costs around

#### I Promessi Sposi/La Scala, Milan

#### Freda Pitt

Alessandro Manzoni a great historical fresco, I Promessi Sposi (The Betrothed Couple) remain the Italian novel, and the one literary work apart from Dante's Divina Commedia that Italian seboelchildren are sure to encounter, Manzoni was born celebrations bave been taking The bero, Renzo (Francesco nun's habit and point shoes, we place all the year. Sedeno) is a simple peasant, As the last ballet of the with an endearing impetuous-

Present season, La Scala is presenting, in the magnificent
porticoed courtyard of the Ca
Grande, a two-act version of the
score was composed much in novel as a tribute to the author advance by Roberto Hazon, for whom Verdi wrote his Requiem Mass.

When choreographers have hands of any would-be choreo-

broached Anna Karenina and grapher — several are said to diousness A la recherche du temps perda have refused the commission soupiness, —quile apart from all the for that reason. —more fitted Shakespeare pillaging — one In the end, the choreography could hardly claim that I was entrusted to Mario Pistoni, Promessi Sposi should be who was born in Rome but treated as a sacred text. Never-worked for many years at La theless, it offers particular Scala, in the first place as Carla difficulties. What is most satisfying to a modern reader is less the story than the writing of ballets, of which Francesca above all the subtle irony with da Rimini and La Strada (both which the book is permeated one-acters with Fracci and bimwithout contradicting the pro-self in the principal roles) found religious falth expressed were much the best. His sub-

Furthermore, the two much Larciana Savignano in the tried peasants of the title are central role, and it is largely no village Romeo and Juliet. her presence that accounts for Lucia spends more time pray- the notorious Nun of Monza

ate in a theatrical presentation, and her passion is strictly Savignano is La Scala's spiritual; her heroism lies in in Belart specialist, and his action. It is hardly surprising, influence is too incongruously therefore, that Oricita Dorella's evident in the rather vulgarly interpretation has little in common with Manzoni's creation: made up of acrobatic lifts and faral touch of flirtationsness.

sequent ballets often employed

seem to be back in the world of Meyerbeer's Robert the Devil. Gertrude soon discards the former in favour of skimpier attire, but she disconcert-ingly retains the latter throughout. As her lover, Egidio, Angelo Moretto bas little to do but throw ber about. In its unmemorable melodiousness and occasional soupiness, the music sounded

than a ballet it might bave sounded less dead if it bad been supplied by a visible but there is no orchestra plt in the improvised theatre in the courtyard; and besides, La sent the modern ballet programme across town to the Nazionale and the National Ballet of Canada down the road to the Lirico — was too busy

with serious matters such as opera and concerts. After the brief Milan run, the ballet will tonr a few Italian Lucia spends more time pray the notorious Nun of Monza the ballet will tour a few Italian ing, blushing, shrinking and being allotted a quite disprofestivals, at which orchestras weeping than one could toler portionate role, mainly by are rarely available for dance.

- which had already

#### Roger Sessions/Albert Hall

all worlds?

#### Dominic Gill

In this week's Listener, what particular elements might Andrew Porter describes Roger, thus be transformed. The very Sessions's requiem cantata When understood the music, Sessions's requien cantata when the library of the heard the work so many more times than I; but after its Eoropean premiere at Monday's Prom, given by the BBC Symphony Orchestra and Chorus under John Pritchard, and after but one single bearing, my feeling was that Session's Lilacs is very dull music indeed. What is there to commend it? The melodic invention is con-

as we allow no advertising on the BBC, it does seem a little illogical that the BBC should

interpret that to mean "no advertising except on sports

thought he could simply tell the tide to recede.

cricket, and for Burroughs on the golf. There are racing cars

sistently clog-footed: melody without light or life or lyrical breath. The choral writing, which dominates the work, is exceptionally dull, melodically vapid, contrapuntally unremarkable, rbythmically stiff-jointed The entire sense of the music contradicts the urgency and thrust of the Whitman poem it sets: there not a single spark in it, from the first bar to the last. to reflect, let alone to match, the searing passion of the words.

I tried throughout the performance to imagine a more passionate and robust direction the ballet will tony a few Italian than Pritchard's breathing life festivals, at which orchestras into the score: but could not perceive (as one often can) Thursday.

and soloists) could provide Whitman with an accompaniment and commentary so consistently monochrome.

And to commend It?—well, ooce, near the beginning, between the baritone's first solo and the first chorus, there was an orehestral swirl of unmistak-able Mablerian derivatioo. a sudden heightening of tension which gave an early momeot's pause for hope. But nothing re-motely like it ever appeared

#### 'Bless the Bride' revival in Exeter

To celebrate the 80th birthday of Vivian Ellis, the Northcott Theatre, Exeter is mounting a revival of Bless the Bride, which ran in London for 886 performances in 1947.

Eliot's children's poetry set to trea-dy music is visually startling and choreographically feline, but classic

## last week displayed favourite

last week displayed lavourne sopraoos in the central roles, Edita Gruberova in Verdi's La Travidio and Lucia Popp in Strauss's Arabella. Though neither is cuite at home in her part yet, the Munich audience was vociferously loyal—and their romantic partners offered only token competition. respective conductors, and the stage father-figures, gave fuller detail of each production was

Miss Gruberova is the most brillant Zerbioetta of our day, but her artfulness as that mega-soubrette-all lightning switches of tone and flashing suggestions
-makes a patchwork Violetta, even schizoid. The Act One Gru-berova is plaioly a lady who has risen to the top of her profession by sheer force of characler: sbe is no coquette, and ber

coloratura is diamond-hard. From there on we get a series of brusque contrasts not just of moods but of personalities, from sober devotion to hysterics to broken pathos, in several vocal styles. Her last scene is touching, but it is one more Vio-letta among many.

Neil Shikoff was at most one Based on A. P. Herbert's book, the show will open on Thursday.

Her Shikoit was at most one Alfredo: unvarying tone, befty and oddiy darkened, replete with Italianata sobs. He bawled "Bollenti Spiriti" over Carlos

Two Munich Festival revivals Kleiber's feather-light accomtone by quick intelligence and ast week displayed favourite paniment while sketching as good a teenage-boy masque-opraoos in the central roles, curious crypto-Greek dance steps rade as I can remember. and restures, and deservedly got himself entangled with the car-

pet. Wolfgang Brendel supplied much-needed baliast as Germoot pere; a bit young in looks, he was nonetheless a model of wary dignity and concern, with fullvoiced warmth in the best Ger man tradition. Kleiber shaped the orchestral

neasure, and the rich decorative prejudes with exquisite finesse, and got silken-stringed playing throughout. The first act was fast (with the offstage party-music too obviously on tape), but the last broke all speed records. Puzzling, but rather suited Gruberova's mer-curial turns. Jürgen Rose's beautiful and apt.

The Arabella designs are also Rose's work. Fine period detail-the inn for the Fiakerball is so peculiar that it must be authentic - with ceramic ovens everywhere, anxiously fed, to emphasise the wintry season. Alfred Kuhn capped his admirable Lulu roles with a bugely comic Couot Waldner. stentorian but wonderfulty pre-cise of diction and pitch. Imagine Alistair Stm as an travel widely. His younger the score. That was excellent—daughter Zdenka was the young but the beart of the matter American Julie Kaufmann, who should have been visible on

Her duet with sister Arabeila was staged by Peter Beauvais as a pair of mooologues on elther side of a big table: dramatically right, I suppose, but frigid—and all too right for I weig People Arabeila cannot believe that Arabella is a good lop role, elegantly though she sings it (granted some constricted tone at the top). If the essence of social charm is the appearance of recording beauty to the contract of the cont responding keenly to every-body else, Miss Popp is the last person lo manage that; she is an artist who does nothing that has not been polished to the

It was almost a solo concertperformance. Admittedly she was faced with an under-powered Mandryka (Bernd was laced with an under-powered Mandryka (Bernd Weikl) without cbarisma, energy or allure; but it was significant that her best moment was a private atlack of the vapours before meeting him formally. With so little dramatic life in the central story (and Peter Seiffert made an inert Matteo for an inert Matteo for Zdenka), we had to be con-tent with Wolfgang Sawallisch's operatic basso: Kuhn ought to lively and idiomatic reading of

## Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theetra/Wednesday. Exhibitions/Thursday. A selective guida to all the

Arts appears each Friday.

July 19-July 25

## Theatre

Noises Off (Savoy): The furmiest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backge shenanigans on tour with a rd-rate farce is a key factor

tarlight Express (Apollo Victoria): Andrew Livyt Webber's rollerskat-ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwinding relance on indiscriminate rushing around. Dis-neyland, Star Wars and Cats are all influences. Pastiche score nods to wards rock, country and hot gospel. No child is known to have asked for his money back. (834 5184). In Your Toes (Palace): Rodg

Hart's 1936 musical is a genuine tonciarts is numerical is a genuine con-ic. American jazz dance collides with the Ballets Russes. Gens in-clude There's a Small Hotel Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue.

2nd Street (Drury Lane): No British York's Jerry Orbach, but David Mer-rick's tap-dancing extravaganza has been rapturously received. Ameri-can Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay bas a field day (836 8108).

Me and My Girl (Adelphi): Sleek, effi-cient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay to the Lupino Lane role emerging as the best new musical star since Michael Craw-

he (overament inspector (Univer): Striking but unfumy revival with under-equipped TV comic Rik May-all playing the poseut as a shrieking nose-picker. Richard Eyre's produc-tion for the NT lacks either comic tension or true definian but, with John Gunter's imposing design of bureaucratic bumi, the show has a sort of monumental starkness as well as nightmarish tedium. New on by Adrian Mitchell.

(928 2252) Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical (8341317, credit cards 828 4735)

fumpers (Aldwych): Confident almost sober revival of Forn Stoppard's glit-tering comedy of love, murder and linguistic maybem among the logi-cal positivists, with Paul Eddington a more earth bound George Moore Il than was Michael Hordern, Felici-ty Kendal delightful as his retired musical comedy wife. Peter Wood directs. (8366404, credit cards 3796233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Boger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (6238795, credit cards

Pravda (Olivier): Entertaining epic new play by David Hare and How-ard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jon-sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment

while a nation dithers. (9282252). Waste (Lyric): Deserved transfer to Shaftesbury Avenue for the RSCs fine Harley Granville play about a politician ruined by sex scandal. Deniel Massey and Juff Dench head John Barton's production.

Breaking the Silence (Mermaid): An-other RSC transfer, of Stephen Poli-akoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568). The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss re-stored for theatrical performance after 40 years. Bill Bryden's NT pro-duction in three perts is not to be missed, one of the great events of recent years. All three shows played urdays for this limited run. (379 3055).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Luiu as Miss Adeleide and the notably well sung black Sky Master-son of Clarke Peters. Richard Eyre's production and John Gunter's affe tionately lavish designs complement this most joyful and literate of musicals, a litting tribute to the recently deceased co-libratist Abe Burrows (930 8681).

NETHERLANDS

Amsterdam Stadsschouwburg, The English-Speaking Theatre of Am-sterdam with G.A. Bredero's Span-

NEW YORK

ish Brabanter in the translation by H. David Brumble IIL Directed by John Harmett, with guest artor Jules Croiset as Jerolimo and Craig Eubanks as his servant. An effervescent comedy by the great 17th-century Dutch dramatist (Mon to

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S.

only in the sense of a rather staid and overblown idea of theatricality.

42nd Street (Majestic): An immodest celebration of the beyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large charus line. (977 9020). Dreamgirls (Imperial): Michael Ben-nett's latest musical has now be-come a stalwart Broadway presence despite the forced effort to recreate

the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 5200). Brighton Beach Memoirs (48th St): The first instalment of Nell Simon's mix of memories and jokes focuses on a Depressionera Jewish house-hold where young Eugene falls awk-wardly in love with his cousin.

Chorus Line (Shubert): The longestrunning musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musica genre with its backstage story in which the songs are used as audi-tions rather than emotions.

(239 8200). Sunday in the Park with George (Booth): Inspired by the Seurat

painting Stephen Sondheim fash ions a musical with dots and dushes of soog that end too sooo but work well with Tony Straiges's pretty set and James Laplac's book which changes gears in the second act. (2398262).

(2390:262).

Cage and Folies (Palace): With some timeful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilar-

ture the feel of the sweet and hilar-ious original between high-kicking and gaudy chorus numbers. (7572825).
Forch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (604 9450). (944 9450).

WASHINGTON

The second production of Peter Sel-lars new American National Thestre company is the James O'Neill

TOKYO Man of La Mancha (The Japanese version). Directed by Takao Nakamura, starring Koshiro Matsumoto, Per-

of this swashbuckler

formances also oo Sundays. Imperi-al Theatre, near Imperial Hotel, Hibiya\_ (2137221).

#### Saleroom/Antony Thorncroft

compensated for a monocolour the stage, and it wasn't.

#### Learned bawdiness

history for many years comfortto Charles Townley in 1772,
ably exceeded its film target, was bought by Quaritch for
totalling fl.461,526 with a fast, from the first present the first present to the first present the first pres The best price yesterday was the £187,000 which secured the Townley papers, over 1,000 letters from some of the most fascinating personalities of the 18th century. The buyer re-mained anonymous.

Charles Townley was a great antiquarian: his collection formed the basis of the British Museum. His correspondence is learned, facelious and bawdy, and contains letters from Piranesi, John Cleland (author of Fanny Hill), Charles James Fox. John Nash, Sir Joshua Reynolds, and many more. The main topics of discussion were art

and sex.
end d sbrdlu cmfwyp vbgkq v £5,500: in 1951 Sotheby's had

soid it for £600.

A copy of the Deciaration of 1660, sold for £93,500. This was known plan of London. the actual copy that Samuel A surprise was the price of Pepys read out to the Fieet, to £57,200, as against a top estimgreat acclaim, as he records in ate of £20,000, paid for Iwo

Sothehy's most important auction of English literature and heading of a letter that he sent history for many years comfort to Charles Townley in 1772, ably exceeded its fim target, was bought by Quaritch for The papers of the Portuguese ambassador to Eugland between 1657-1665, the most substantial archive of diplomatic papers to appear at auction in recent

> Six poignant letters by Mrs Fitzherbert to ber husband the Prince Regent, accusing bim of ters between them to survive, more than doubled their esti-mate at £13,200, while another lot to double its top forecast was an album of 37 studio pbotographs of Hollywood stars of

The same family later supported the travel of Captain end d sbrdlu cmfwyp vigage.

Perhaps of more popular relating to a dispute over consistent of more pop London dealer, Another London dealer, Quaritch, paid £55,000 for a copper plate olan of part of the City of London, dated to Breda, King Charles II's the 1550s: it is one of only two promises to the people on his known copper-plates surviving restoration to the throne in from an otherwise lost oidest

his diary. It was sent for sale watercolours showing the yesterday by descendents of Towniey collection of antiquilies Pepys's patron, Lord Sandwich. in situ in his bome in Park A study by Piranesi of the Street, Westminster.

## WORLD VALUE OF THE POUND every Tuesday in the Financial Times

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## BT and its suppliers

objectives in telecommunica-tions have been to increase comtions have been to increase competition, to widen consumer choice and, by privatising British Telecom, to make the dominant network operator subject as far as possible to the disciplines of the market. One consequence of these changes, it was assumed, would be to strengthen the competitive ability of the telecommunications equipment industry and so help it win a larger share of the world market. This assumption is questioned by BT's traditional suppliers, GNG and Plessey, which argue that two of BT's recent moves risk inflicting serious damage on the domestic industry. domestic industry.

One of these is the proposed takeover of Mitel, the Canadian takeover of Mitel, the Canadian company which is a competitor to GEC and Plessey in the manufacture of private automatic branch exchanges (PABXs); this deal, much to the amazement of BT, has been referred to the Monopolies Commission.

The other is the purchase The other is the purchase from Thorn-Ericsson of a second ranee of Swedish-designed digital telephone exchanges known as System Y, to he installed alongside System X, jointly developed by BT and its suppliers and now being supplied in increasing quantities by GEG and Plessey. The System Y decision has been investigated by BT's regulatory body, the Office of Telecommunications (Oftel); its report was published vesterday. While the report concludes that BT's decireport concludes that BT's deci-sion "reflected normal commer-cial prudence," it raises some questions about the future of the industry which will need to be carefully considered by the Government, BT and the manu-

Oftel's principal duties are to promote competition and the interests of consumers; in this contest it is hardy likely to oppose an attempt by BT to put pressure on its suppliers by introducing a competing range of exchanges. But Offel had been switching technology."

to System X have been due as much to BT as to its suppliers. But it also recognises the difficulties faced by GEG and Plessey in the transition "from a situation in which they bad a special relationship with BT to one in the batter of the state of the

UROPE'S flat glass industry was dominated until quite recently by two large

French companies and Britain's Pilkington Brothers. They co-existed for many years by avoiding competing in each other's territories.

But in 1979, one of the French

companies, BSN-Gervais Danone.

decided to sell out and, by early 1982, there were three new competitors on the scene, two American and one Japanese.

A brutal price war followed, with the new companies trying to show the Europeans what real competition was all about, and the established ones trying

equally hard not to give ground. Today, all of Europe's glass-

makers, the new as well as the old, rather sheepishly admit that they have made a real hasb of it. Demand for fiat glass, which is used mainly in the building and automotive industries has risen a brick 10 new

tries, has risen a brisk 10 per cent since 1982 and most plants are working at capacity. But prices have fallen by 17 per

cent and most of the companies

have lost buge amounts of

are all guilty."

Moreover, the battle for market share seems to have been in vain. "It is all very

well fighting for market share,

but no one's position has changed," observes Mr Antony Pilkington, chairman of the

Pilkington has often been accused of being slow to respond to price pressures, but Mr Pilkington looks at it differently. "I would like to think we are then the companion of the pilkington."

our competitors. They allow their salesmen far too much

latitude, considering the weight of assets behind them."

British group.

one in which the relationship 1s more at arm'a length."

If System Y took too large a share of the market, GEG and Plessey would lose economies of scale and their costs would rise. Oftel notes that the initial order for System Y is just enough to allow Thorn-Ericsson to operate a factory at a reasonable scale. It suggests that any to operate a factory at a reasonable scale. It suggests that any further shift of orders to System Y should be limited to nominal amounts for a period of about three years, so that the System manufacturers have a further opportunity to adapt to the new situation. The argument is that the loss of 20 per cen of annual orders to System Y makes the job of the System Y suppliers harder but not im-Y makes the job of the System X suppliers barder but not impossible the loss of another 20 per cent in the very near future would be more damaging.

#### Research

GEC and Plessey resent the fact that the UK has opened its market to imports without gaining reciprocal arrangements in other countries. System X may he "a world heater" as Oftel believes, but its access to international markets is coverely national markets is severely limited. The report recom-mends further efforts to liber-alise trade in telecommunications as well as more support for exports. But even if access to world markets was improved, the British industry may not be the British industry may not be organised in the right way to take advantage of it. Ofted argues that collaboration between UK companies and overseas suppliers may be necessary. It also suggests the creation of a UK research organisation, financed by companies in the industry, to "maintain a competence in mod-

pressure on its suppliers by introducing a competing range of exchanges. But Oftel has other responsibilities; it must ensure that BT does not use its huying power to distort competitiva conditions and it must pay regard to efficiency in the domestic industry, including its ability to finance research and development. Thus the bealth of GEG and Plessey is a matter of concern to Oftel.

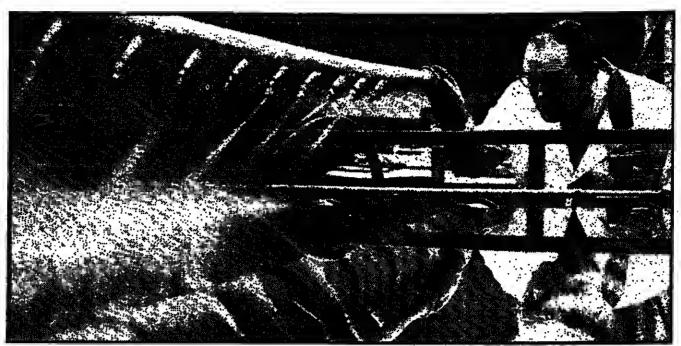
BT wants System Y partly as a spur to its traditional suppliers, partly because it bas doubts about the timing of the completion of the System X programme; facing competition of the Monuter it sent to led days of the content to the old days of the content to the

from Mercury, it wants to instal of protection and cartel. But the latest equipment as quickly as possible. Oftel accepts the commercial logic of BT's posion of the industry makes tha best

**EUROPE'S GLASS INDUSTRY** 

## A new sense of discipline

By Ian Rodger



Float glass passes under water sprays in a Pilkington plant at St Helens, Merseyside

CHANGE AND EXPANSION IN

**EUROPE'S GLASS INDUSTRY** 

\* Guardian's Spanish subsidiary, Vidrierias de Llolio, will open a new 450 ton/day float plant later this year.

Source: La Compagnia de Saint-Gobain.

British company, and far below any sensible level. Mr Crossett of PPG admits there is some truth in tha charge. "That acquisition has not worked out as well as we thought. We west German market and most underestimated the time and of its gains have probably come of St.Gohian.

Number of

money.

M Philippe Bodson, managing director of Glaverbel of Belgium, says: "It is scandalous that we have had a strong market and falling prices. We As the industry was then in recession, some executives hoped that the other two might just disappear. But PPG, which already had a small glass business in Italy, decided to plek up Boussois and Asahi Glass of Japan bought Glaverbel.

The PPG move was not too surprising, but the established producers shuddered at the thought of a Japanese beachbead. Asahi, it was said, was following behind the Japanese car industry. It would see car industry. It would soon belp Glaverbel, which bad never been strong in automotive glass, to displace the other Europeans as suppliers to the

Japanese car makers in Europe. Meanwhile, to the consternaof assets behind them."

That view seems to be gaining support this year. Industry leaders bave had some success in pushing np prices. As Mr George Crossett, vice-president, primary glass of PPG Industries of the U.S., puts it: "After a while, people get sick of losing money," Boussois, the former French subsidiary of BSN which PPG bought in 1982, lost FFr 90m last year. tion of all the existing producers, Guardian Industries of the U.S. was building a big greenfield plant in Luxembourg. Guardian is the upstart in the vectorable first the state of the contraction of the in the venerable flat glass in-dustry, baving entered only 15 years ago when it tired of bny-ing glass from others for its growing fabrication business in

PPG bought in 1982, lost FFr 90m last year.

But European prices are still far below those prevailing in the U.S. and Japan, and producers worry that a fresh round of instability could develop if reports of another new competitor joining the scene proves accurate.

Opinions are divided on how and why things went so terribly wrong in the early 1980s. But no one doubts that it all started in 1979 when BSN decided to get out of the flat glass industry altogether. In addition business in Detroit.

Guardian's oportunity was presented by Pilkington's invention in the 1950s of the float process, which antomated flat process, which antomated flat process, which antomated flat process, they had to struggle with a very high level of redundancies in their old sheet glass plants.

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prices. In any event, the arrival of

buy all of them, hut Germany's both Guardian and Asahi in It seems also that PPG bad cartel office objected on the 1982 caused the established trouble imposing its will on the cartel office objected on the producers considerable distress. Pilkington eventually St-Gobain, the industry leader managing director has been sent in the past five years. And its

agreed to acquire Fischglas with more than a one-third over from Pittsburgh. "It was only." share of European markets, talked of an "invasion" from the U.S. and Japan and made

clear that the French company would defend its market share,

whatever the cost.
Guardian and Asahi hoth had reputations as efficient producers and aggressive price cutters. But they have turned out to be among the least disruptive elements in the industry in the past few years. The Boussois, which has a less than 10 per cent share of the European market, was not the instigator of the price war. "We came in and reacted to the St-Gobain price. They were trying to protect their market share from what they saw as intruders."

Saint-Gobain (France)

Pilkington (UK) PPG (U.S.)

Asahi Glass (Japan) SIV (Italy) Guardian (U.S.)\* BSN (France)

main culprits, it is generally agreed, have heen St-Gobain and Boussois.

Mr Pilkington says that until recently Boussois's prices were 30 per cent below those of the Datistic property and see below.

we underestimated the extent of

price cutting in the market.

UK losses between 1980 and 1984 totalled £85m. commercial background to get in there," Mr Crossett says. However, he insists that Boussois, which has a less than

Capacity

But Mr Pilkington says the fall in the group's UK market share, mainly to Boussois, St-Gobain and Glaverbel, have been offset by increases in exports to France, Belgium and

West Germany.

Glaverbel's share bas remained fairly steady at ahout 10 per cent, and there is no evidence that Asahi bas been evidence that Asabi bas been pushing the group in one direction or another. Glaverbal is putting more effort into the automotive glass market, but Mr Bodson insists that this policy, and the accompanying investment in new plant, was under way before Asabi arrived. The acquisition, according to Mr Kinhisa Mushakoji, a senior Asabi executive, was part of the Asahi executive, was part of the group's strategy to remain a world force in tha glass

industry.

It was also in some ways a sentimental one: Asahi had bought Glaverbel's sheet glass technology in the 1930s and the contacts remained strong until

the acquisition.

Whatever the motive, the acquisition has worked out better than most observers expected. BSN poured BFr 3.3bn into restructuring Glaver-bei in the late 1970s, and the company has made profits ever since Asahi took over. Now that prices are improv-ing slightly, none of the pro-ducers want to go back to the

St-Gobain too has implicitly admitted a share of the responsibility, having appointed a new managing director for its flat glass division three months ducers want to go back to the chaos of the past three years. However, thay also recognise that there is no way of reestablishing the cosy arrangements of the past.

"We will not participate in a cartel." Mr Grossett of PPG

says, and many others share that they are going to need low-this attitude. Nor is it likely cost glass for the foreseeable that any of the existing pro-

the European Commission and ask that a mechanism be set up to control production and prices, as has happened, for example, in the steel industry, But the glassmakers, to their credit, embarked on a more independent course.

They thought that if every producer was supplied with price information on aggregate price information on aggregate supply and demand in the European market, they might make rational decisions about their own production and marketing practices. So they mobilised their industry association, the Groupement Europeen des Producteurs de Verre Plat (GEPVP), to collect the relevant statistics from every-one and publish them in aggregated form.

The first report has just been compiled and it showe just how out of line the producers' market behaviour bas been. EEC consumption of flat glass last year reached a record 3.5m tonnes, 10 per cent higher than in 1002 and 17 per cent higher than in 1982 and 17 per cent higher than in 1981. Moreover, the industry was operating at an average 96 per cent of capacity.

That operating rate would seem to suggest that new capacity will soon be needed. In fact, however, it is based on only those plants that were operating last year. Two St. Gobain plants, representing about 5 per cent of EEC capacity, were idle for furnace relining.

And small incremental additions to capacity continue to be mada as producers build float plants to replace their sheet glass plants.

Also, no one believes that the market will continue to grow as fast as it has in the past three years. The building industry is depressed and European car makers are having a hard tima maintaining their market shares. M. Bodson expects overall demand in Europe to be flat this year.

So the concern about a new "intruder" in the industry is a real one. Norway has been trying to entice someone to huild a float glass plant with offers of cheap energy and other subsidies.

The existing producers bave taken their new figures to the European Commission and argued that any such new project should be resisted, "We ject should be resisted. "We do not believe that subsidies should be given for any additions to capacity," as M Bodson

It remains to be seen whether the European glassmakers' new sense of discipline and competi-

ducers will give up and sell out.
At this point, the normal
European response would be to
run to their governments or
the new chief executive of StGobain's flat glass division.
"And if they cannot get it here,
they will go elsewbere."

## **Redirecting EEC** farm policy

NOW THAT the pitiful saga of this year's EEC farm price is to introduce restrictions on output, like milk quotas. These rarely solve year year year year is problems, tend to introduce restrictions on output, like milk quotas. These rarely solve problems, tend to p detailing policy options. Its clear message is that the Gommunity's need to think beyond the short term in farm policy

Agricultural spending will effectively bankrupt the Gom-munity next year by breaching the new 1.4 per cent VAT celling if it continues to rise at the pace of the last 10 years. The need, therefore, is to contain the costs of the CAP while ensuring that farm support is focussed on those that will really need it. The possibility of a crash in the dollar — of crucial importance to the CAP as the currency in which most agricultural commodities are internationally traded — and the additional pressures which the entry of Spain and Portugal will bring 10 bear only make this more urgent.
The Green Paper marks no

revolution. It reminds readers that the CAP is "the cornerstone of European construction"—which is true, if only because the edifice has few other effective elements as yet. Its Insistence on market-oriented pricing as the basic pollcy mechanism has been a feature of innumerable Com-mission proposals down the years, which have been just as frequently ignored by allpowerful farm ministers.

#### Milk quotas

The arguments in favour of price cuts are economically unassailable. Reduced prices
would boost demand for Gomcal merits, for all the farm option most frequently men- term cereals policy review

What is new about the Green Paper is the starkness with which even its watereddown final version presents the

The crux of the argument is this: while the CAP has had some success in its economic objective of boosting production and modernising farms, it has failed in its parallel social aim of assuring a fair standard of living for the hulk of the agricultural population and keeping people on the land. The Green Paper makes clear that this pressure is certain to continue if its preferred option of a restrictive long-term approach to prices is pursued. Many of the large-scale cereal farmers could probably survive substantial reductions in price which would cause great diffi-culties for medium-sized far-mers with no alternative source of income. Clearly, therefore, those governments which like to emphasise the CAP's social pre-tensions, such as West Germany, will not even contemplate a rigorous price policy unless they are offered some sort of trade-

#### Merits

The Commission's answer is to resurrect the idea of direct income aids—possibly in the form of extra assistance with structural change, early retirement or targeted social payments—for farmers liable to feel a special pinch from large

munity produce, enable Euro- lobby's objections to being seen pean farmers to compete more as a recipient of welfare hand-effectively and at lower outs. With France now publicly budgetary cost on the world arguing for price restraint market, and if pursued over along with Britain it may be time, cause a drop in prouction. open to serious examination The alternatives all have this autumn when farm mini-scrious disadvantages. The sters formally begin their long-

#### Whitehall's

loss . . . .

While MPa argue angrily over the top people's pay awards, the mandadrain continues — this time to much displeasure among ministers at the Department of Environment

Flachglas in West Germany. Initially, Pilkington tried to

Tony Mayer, who heads the department's rates reform team, is to join Rothschild's hank.

Lord Rothschild is an adviser
to the team and is alleged to
have "poached" him.

Mayer, currently earning some £25,500 a year as an assistant secretary, will join Rothschild for a salary understood to be more than £45,000. He will work on the bank's personnel side.

The Government's green/ white paper on rates reform is white paper on rates reform is due to be published in the autumn and Mayer will "see the work through" before departing for the City.

Mayer, aged 39, has been in Whitehall since leaving Oxford, and is precisely the kind of younger, able official that civil service managers are worried about losing.

about losing.

He was one rung too far down the ladder to benefit from the controversial top people's pay awards. This year be had to

make do with 4.9. per cent.
Promotion might not come for
two to five years.
Mayer insists that he is merely going to Rothschild on a two-year secondment. He stresses that his only motiva-tion is "to do something completely different for a while and see what life is like outside."

He dismisses all the talk of poaching as "nonsense." But reliable sources say that is how ministers regard Rothschild's offer, and that the idea of secondment was only raised later in the hope of retaining

Whiteball last year reckous Environment managers are being over-optimistic. "Go back—to a £15,000 saiary cut?" he inquired "Nobody in their right inquired." Nobody in their right ward now put him on £63,125.

But one official who made a similarly lucrative move out of similarly lucrative move out of whiteball last year reckons Environment managers are Last month. Sir John was straddle tha financial and dip-

mind does that."

The pay awards were designed to improve clvil service morale, enhance White-

## **Men and Matters**

hall's prestige, and discourage people like Mayer frmo laving. But it seems 76 per cent in the hand is worth more than 46 per cent at the distant top of the

#### ...and gains

Sir John Stanier, who lists his recreations in Who's Who as "hunting, fishing, sailing, talking" bas just been promoted to Fleld Marshal—even though he is due to retire from the army at the end of this month.

his five-star promotion, what real difference will having a baton make to him? Answer—an increase of some £14,000 in his annual pension pension from next March, Sir John will be among the first to henefit from a happy combination of well-established

With so little time to enjoy

promotion practices at the Ministry of Defence plus a 46.3 per cent pay rise from the top people's review body. The MoD explained yesterday that for many years only the Chief of the Defence Staff has

been given the top rank of bis particular service. The other chlefs have had to be content with being mere Admlrals, Generals and Air Chief Marshals.

But the deal is that they are upgraded to five stars on the eve of retirement to boost pen-sions and prestige. There is another twist to the tale. These old soldiers may

fade into their rose gardens but they stsy on the "active list"

"and for goodness sake try to keep within Spanish terri-

instead of the £22,000 in prospect just a week or so ago.

Where there's money, there's top brass.

#### Highly visible

Morgan Stanley, the New York iovestment bank, was being typically discreet yesterday sbout its latest recruit, "Van" Galbraith, aged 57, the outgoing U.S. ambassador to France, who bas been hired as a senior adviser and director of Morgan Stanley International The firm seems unusually

vague about what he will do and how much time he will spend doing it. Perbaps that is because Morgan Stanley realises it has Galbraith's financial career started at Morgan Guaranty, Morgan Stanley's opposite num-

# In 1969 he took over as managing director of Bankers Trust International, the London merchant banking arm of The New York Bank, and suddenly became much more visible. He ran his bank at full speed

ahead during the international banking boom of the early 1970s and when problems began to surface BTI was seen to have more than its fair share.

ago.
The effects of all the fighting

at the expense of St-Gobi and Pilkington subsidiaries.

At first glance, it looks as if Pilkington has suffered the

expense of St-Gobian

In 1981 he was made U.S. ambassador to Paris. Since then he is best known for an interview he gave earliar this year where he said the U.S. foreign service was full of "liberals" and that career U.S. diplomats

U.S. Secretary of State George Shultz later publicly criticised his outspoken ambassador.

#### On screen

Verity Lambert, the first producer of Dr Who, may be giving up her joh as director of production at Thorn EMI Screen Entertainment. But she is not going to sever links with Thorn completely.

Lamhert is part of Thorn EMI plans now taking shape to set up a consortium of indepen-dent British film producers. Apart from confirming that Lambert will be one of the independents involved. Thora is keeping quiet on the details is keeping quiet on the details until early next week. Film industry rumour has it that Lord Brabourne, producer of A Passoge to India, Ewen Lloyd, producer of Wild Geese II and Jeremy Thomas, producer of Insignificance, the British Cannes film entry might

be interested. Thorn EMI not only has the distribution channels hut also the money in the form of a \$150m rolling facility put together hy 12 merchant banks.

#### Hide and speak

embassy in Prague. "Tm a banker being persecuted for bis liberal-political stand." "Can you cache a small Czecb?"

Observer

ADVERTISEMENT

## Rumour of summer dismissed as speculation.

A MINISTRY spokesman today dismissed reports of the likelihood of summer this year as "reckless

"This is irresponsible scare-mongering," he said. "Just because February followed January and March followed February doesn't mean we're going to be faced with June, July and August coming along later. Things don't happen like that. If they did you can rest assured that we'd be the first

One of those dissenting from the official view is Mr. Terry Sensible, financial director to a chain of High Street retailers.

"I'm putting in Toshiba air conditioning," he commented. "Their new ceiling units take up no space, are easily installed and, like all Toshiba units, come with a 3 year guarantee. Cool and comfortable staff are more efficient. It makes sound financial sense, especially when you consider that the Toshiba has a heat pump which also saves you money on vour fuel bills in winter"

Could this bluff, North country, millionaire eccentric have a point? Only time will tell.

It pays to keep cool with Toshiba Air Conditioning.

DIAL 100 AND ASK FOR FREEFONE TOSHIBA.

Toshiba UK Ltd, Toshiba House, Frimley Road, Camberley, Surrey.

CHONGOING COULD be one of the world's greet industrial cities and may indeed become

Now, however, it is a dilepidated monument to the economic upheavals of Communist China's 35-year history, and an example of the formidable tasks facing Deng Xiaoping as he tries by means of pragmatic economic policies to revive a moribund economy.

At the easiern extreme of At the eastern extreme of Sichuan, China's most propulous and one of its most resource-rich provinces, Chongoing perches dramatically above the paint where the grey waters of the Jialing river flow into the rich-red Yangtze before it rushes through the mountain gorges that for the greater part of history have separated Sichuan from tha rest of Chine and the rest of the world.

It has an uncompromisingly awful climate—a furnace in summer and swathed in serie fogs for most of the rest of the

The city, and Sichuan Pro-vince around it, epitomise China's great strengths, its rich agricultural base and wealth of Natural resources — and at the same time its weaknesses, a stubborn independence from central control, poor communications, and an archaic indus-

It appears to harbour many officials and party cadres who are more committed to defend-ing vested interests than to modernisation under Deng Xizoping's policy of "npening up to the outside world."

Deng's policies are likely to stand or fall in a city euch as this, not least because it has played a special part in his life. Deng now in his 80s, was born some miles north of it, in Grangan County. In the heady years immediately after 1949, when the new Communist leadership and a large propor-tion of the country's population

Not surprisingly therefore, it Dowager to open the city to has been a testbed for his economic reform policies. Before being introduced nationwide, price, wage and tax reforms have all been floated experisions. Chiang Kai Shek's nationalist government elso appreciated its strengths—not least the protections. mentally in Chongqing. So too have new marketing and distribution systems.

Since February 1983, it has had provincial powers in economic matters, and has been expanded by administrative fiat to become China's largest city, with 13.9m people. It can conduct foreign trada and solicit foreign investment but neverment. Rather than leave Shangtheless has made tortuously hal's factories at the disposal

So slow, that Peking recently appointed a new First Party to be dismantled and hauled up Secretary, and only last month the Yangtze on barges. This brought in a new mayor from massive human effort gave the national capital, a man with Chongqing a modern and ready-

#### **CHONGQING**



## A city waiting for the fog to lift

By David Dodwell, recently in Chongqing

impeccable "Dengist" creden-tials, in what appears to be a bid to cut a swathe through the thickets of bureaucracy and political resistance. made industrial base. At the end of the war, most of the Shanghainese industrialists left, but many of their factories stayed behind.

Commercially and politically, when the new Communist Commercially and politically, leadership and a large proportion of the country's population which in turn dominates Sichuan, which in turn dominates optimism for the fature, Deng one fifth of the country's was in command of the South 1bn people. This was recognised West Bureaut, headquartered in 1895, when the imperial powers forced the Emperess Not constituted to the country the city to the country of the country than the country the city to the country of the country than the city to the country of the city to the country of the city to the country of the city to the city to

government elso appreciated its strengths—not least the protection from air raids that the fog provided—when it was forced to retreat from Nanking before the invading Japanese Army in 1936. Chongqing served as the Nationalist government's capital 1944.

of the invading Japanese, Chiang Kai-Shek ordered them to be dismantled and hauled up

A second major impetus m the years after Communist victory in 1949 was the designation of Chongqing as a "hird line" city for the development of defence industries, well inland and a safe distance from the Soviet border in the north, or those of India and Victual those of India and Vietnam in tha south.

Today, Chongoing's 200 or so factories producing defence equipment—everything from arms, tanks and werships to telecommunications equipment and titanium for the military— account for 20 per cent of the city's 1.8m jobs, and the great majority of its modern

technology.

It is on this industrial base that Deng Xiaoping intends to build. Defence manufacturers bave heen pressed to diversity into manufacture for the civilian market—both to improve the supply of consumer goods in the local market, and to help adjustment after a politicallydetermined cut in arms produc-

Factory, once exclusively a small-arms manufacturer, now makes 300,000 motorcycles a year in a lucrative joint venture with Honda of Japan. The Changan machinery plant, also an arms manufacturer, is now producing a small truck in collaboration with Suzuki.

But these hreakthroughs provide exceptions to an otherwise depressing rule: Chongqing's industrial base—the fifthlargest in China—is seriously out of date. Officials in Chongqing's economic commission say that 53 per cent of the machinery now in use was installed more than 20 years ago, and was old technology even then. Plans to renovate the city's industry by the year 1990 involve budgets of Yuan 700m a year for the rest of the decade.

This would be a formidable task even in the best of circumstances; given the evid-ence of bureaucratic mediocrity

retain public confidence in its

monitoring of concert parties, it is essential that the City Code should incorporate by reference

be any need or excuse for bend-

Labour leaders and

Sir.-Can anyone remembe

the name of the leader of the Labour Party in London before the GLC election and what happened to him?

For how long will anyone remember the name of the present Labour Party leader if Labour wins the next general

From Mr E. N. Addison

one will then know (or deemed to know) where he stands, and there will no longer

ing the rules.

Ralph Instone.

7 New Square.

elections

Lincolns Inn, WC2.

Jiang Qiog, the leading figure in the now-reviled "Geng of Four," congratulated the local radicals as "champions" of the Leftist cause, and an example for the rest of the netlon.

The factional differences remaining from this period, and the large number of hureaucrats who owe their position to eppointments made during that period, have persuaded Peking period, have persuaded Pening to impose its own candidate as meyor. Mr Xiao Yang, who has recently played a major part in formulating China's joint venture law, is an optical engineer by training. He has spent most of his career either in prison of his career either in prison—dubbed a revisionist and capitalist roader—or running the Peking General Glass Factory. To transform Chongqing into a modern and efficient industrial city is likely to be his most formidable challenge yet.

He has begun modestly—first with a city clean-up campaign, and then with plans for an exhibition in September to provide impetus to plans to ettract foreign trade and investment. He has also begun to pull Chongqing's lumbering hureaucracy into shape. He has abolished more than 70 departments, merged others, and says the process is far from finished

Among his immediate aims, he hopes to attract \$300m in foreign investments this year. foreign investments this year. He has laid plans to renovate the city's water and sewerage systems in collaboration with France's Compagnie Generale des Eaux, and is working with companies from Belgium and Italy on new telephone exchanges.

An international airport is under discussion, as are plans for electrification of railways and improvement of river ship-plng—critical for an inland pro-vince if it is serous about boosting interoctional trade. He plans by 1990 to have boosted exports to 10 per cent of Chongqing's industrial and agricultural outpnt. In 1984, exports amounted to \$63m, a hare 4 per cent of these breakthroughs output. He has recruited Jepanese professionals into the municipal government to help push his plans through.

While the problems fecing Mayor Xiao are daunting, there can be no doubting the immense can be no doubting the immense potential of the city if he succeeds in Igniting its energies, Sichoan, its immediate hinterland, would if independent be the world's eighth-largest nation. It is the birthplace of teamerican and wilk. making and of silk.

Even today it is China's main supplier of grain, and of many fruits. It boasts supplies of some of the world's rarest minerals, as well as coal and natural gas.

ence of bureaucratic mediocrity and considerable factional division inside the city government over the direction of economic policy, it might even be fanciful.

Chongqing was a hotbed of Leftism during the Cultural region, it may prove to be a Revolution—so much so that izeebly finds UK economy

## Time to replace austerity with careful expansion

By Rudiger Dornbusch

exceed sizeably those in Europe, the less so the more fiercely the exchange rate

target is represented as one of the two pillars of expansion.

The other pillar of expansion is a sharp fiscal expansion thet draws the lessons of the U.S. experience. The first lesson is

expand strongly to restore

high employment and private sector profitability. The other is not to make the mistake of an open-ended tax cut that leeves behind vast deficits.

The exchange rate target

places important constraints or

fiscal policy. Fiscal incentives to investment must offset the impact of possible higher interest retes on investment profitability. Here the U.S. experience shows thet one can produce a hoom in Investment

produce a boom in investment

considerably above average for

recoveries in the post-wer period, even in a setting of

The recipe is to let invest-

ment share significantly in the fiscal expension. That participa-tion is critical, because strong

fivestment is necessary to sus-tain the medium-term growth potential of the economy and to wipe out bottlenecks before

they become a source of infla-tion and hence an obstacle to

One must also decide how much emphasis to place on

direct job creation programmes versus putting money in private sector pockets to spend, or into local authority pockets to invest in infrastructure. Three

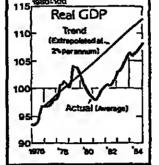
a growth stretegy.

objective.

CURRENT SHIFT in prices and into wages. In these ar opinion away from circumstances an indispensable rity towards jobs, provides part of policy is a commitment popular opinion away from austerity towards jobs, provides austerny towards jobs, provides an important opportunity for a change of strategy towards controlled expansion. This is critically necessary, for the key fact about Britain is that the decline in economic activity in 1890.91 has yet to be made up. 1980-81 has yet to be made up.

The chart shows actual GDP and an estimate of potential output arrived at by assuming that 1977 represented a year where resources in the economy were fully utilised, and that potential ontput grows at 2 per cent per year. These are, 1 believe, conservetive estimates. The diagram makes It obvious that following the 1980-1981 recession output hes in

fact been growing at somewhat shove trend growth, but not



nearly enough to make up the initial losses. As a result even todey, four

years into the recovery, thera remeins a gep of at least 6 per cent of GDP between potential and actual output. Failure to make up that gap explains the huge level of unemployment in highly expansionary fiscal policy and tight money.

huge level of unemployment in the economy.

The second chart shows the counterpart of the output gap, the level of employment. It is true that employment has grown strongly in the past two years, but of course we are nowhere near the edge of the hole into which employment was thrown in the decline of activity in 1980-81. 1980-81.

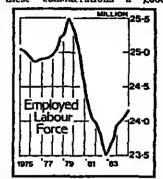
This catch-up can only be engineered hy sound macro-economic policies. A respon-sible and controlled expansion would be unlikely to produce e wage explosion — provided the exchange rate was kept firmly under control. Exchange quickly its wey

considerations are important; the first is that direct employ-ment programmes are vastly superior, per pound spent, in creating jobs than are personal to a fixed exchange rate. Practically, I would advocate a fixed rate on the EMS. British rates of cost and price inflation tax cuts. Therefore, from a strict

employment point of view, that would be the best way to allocate the expansion. are little different from the EMS average, and hence this rule does not imply any trend loss in competitiveness as a cost of nailing the inflation Second, there is no better time to invest than a period of high unemployment. Even the most conservative person will concede that there should be The fixed exchange rate would be defended by monetary policy, meaning whatconcede that there should be sewers, that they use them, and like them, considering the alternatives. Finally personal tax cuts or elimination of social security taxes on additions to the payroll bave the advantage that they place resources where consumer sovereignty wants ever interest rates it takes to have the capital flows that finance the current account deterioration implied by an expansion.

If the exchange rate commitment is clear and firm, the required interest rates need not

In striking a halance between these considerations a good



starting point would be allocate one quarter to each of; public sector investment, direct employment programmes, per-sonal lax cuts and Investment Incentives.

How much to spend? Too

How much to spend: 100 little of an expansion would get lost like water in the sand, failing lo draw significant complementary private spending increases: too much would be unwise. Say, 1.5 per cent of GDP for e year and another to most in a second year. 1.5 at most in a second year would be about right, provided there was a firm programme to work down the deficit thereafter in an eutomotic predetermined manner, so as to assure confidence in the capital markets.
The author is Ford International Professor of Economics of the Massachusetts Institute of Tech-

#### Pay cuts for UK youth

From the chairperson, British

Sir,-Your editorial (July 18) treats almost dismissively the effect of the Government's removal of wages councils from young people under 21. In one sense, you are right. The effect on unemployment will be small. But, for the im young people fecing pay cuts next year, the effect will be enormous.

The Department of Employment discussion peper did maintain there was a link between wages councils and jobs, and it has been so stated often by Mr Tom King and others. But both have been reticent in providing much evidence of the supposed link. In May the depertment released a Cambridge University report from its Applied Economics department recognising such links as et best tenuou

The reality is that the Gov-The reality is that the Covernment wants to appease everybody— and feels that young people will be in the weakest position to complain. However, no actual evidence is provided showing any serious economic rationale behind what essentially a face-saving

exercise.

If youth wages are cut, employers will naturally want more young people to work. But that can only happen if they replace those adult workers whose wages they cannot cut. So false new jobs will be created on a short-term basis for young people, at the expense of those over 21. Those young people will themselves be replaced after four or five years.

Many employers do not abuse young workers. But some already pay below wages councils minima to desperate young people. This last group will see Mr King's announcewill see Mr King's announce-ment as a vindication of their refusal to provide young em-ployees with reasonable wages —and will see their law-break-ing rewarded with legitimacy. Mr King has not reformed wages councils. But ha has wages councils. But ha has removed their vital protective role from one of the most vulnerable groups under their protection—the young. That may be pragmatism, in that protest is drowned, but it does little to demonstrate genuine Govern-ment interest in promoting young people's rights and interests during International Youth Yeer. Malcolm Ryan. 57 Chalton Street, NW1

#### How President Zia helped Miss Bhutto From the Minister

Embassy of Pokislan John Elliott (July 1g, Sir, John Elliott (July 1g, page 4) gives the impression that Miss Benazir Bhuttn baa been exiled from Pakistan and PO Box 143, Leicester.

## Letters to the Editor

that there is a restriction on her returning home. This is

not so. Miss Bhullo can return to Pekistan whenever she pleases lo do so. President Zie-ul Haq, in a Channel Four interview on March 5, categorically said that ehe can return home whenever she likes and there was no ques-tion of arresting her, provided she does not break the law. For the record, it should be

noted that Miss Bhutto flew from Pakistan to Switzerland in January, 1984, for medical treatment with the knowledge end permission of the Pakistan Government. President Zia even helped in getting her a Swis visa. Since her arrival in the UK 18 months ago, she has maligned President Zia and his Government.

Qutubuddin Aziz. 35 Lowndes Square, SW1.

Part-time courses in management

From the Director,

Leicester Polytechnic

Sir,—I read with mild amusement "Another nasty shock—from the inside" (July 15). This polytechnic's school of management, with a distinguished history preceding 1945, decided to abandon full-time management courses aix vegrs ago, beceuse it courses six years ago, beceuse it was clear that the formal etudy of management must postdate relevant experience and re-

relevant experience and responsibility.

That is not to decry academic theory: of course nnt, but rather that theory is best comprehended in ways which make for effective application if it can be intellectuelly linked with practice and experience.

Hence our MBA degree, the Madegree in Human Resource

grounds to switch to part-time courses dramatically reduced our fce income. This was balanced by an equally dramatic increase in externally funded staff research and consultancy.
A third of the 30 staff of the school of management ere wholly funded by these means. This, of course, ia some wey from "self-finencing" as advo-cated by Griffiths and Murray. but while the polytechnics are required to charge nominal

tuition fees they cannot easily

reech that target.

David Bethel.

The supervision of concert parties

From Mr R. Instone Sir,-The absurdity of the Take-over Panei's statement on the United Newspepers / Fleet Holdings affair, on which Lex has commented (July 19), illus-trates yet again the inadequacy of the City Code'e definition of "acting in concert."

Under this definition, there is no acting in concert unless there is active co-operation through the acquisition of shares. Hence if any member of a concert party can satisfy the Panel that the co-operation did not cover any actual acquisition, the fact that co-operation took place, whether before or afterwards, is

irrelevant Obviously this definition gives the Panel unlimited scope for reaching the conclusion it wants to reach, on almost any conceivable scenarin involving more than one party; very convenient for the Panel—and for nobody

The topic is far more competently treated in the Companies Act 1985, section 204 (derived from the 1981 Act), which deals with the notification of group acquisitions of ahares. If the Panel desires to company has avoid wrong appointments. How can he know the Bristow.

2. Greenways Drive. Sunningdale, Berks.

Sir,-In hla letter (July 16) the managing director of Execu-tive Search says that by the use of graphological reports his

election?

Edward N. Addison.

From Mr K. Bristow

Fernacres, Fulmer, Bucks.

Proving a negative

company has avoided many wrong appointments. How can he know?

#### The art of percentages

Sir.—Barry Riley (July 13) intellectuelly linked with practice and experience.

Hence our MBA degree, the MA degree in Human Resource Menagement and the DMS are heing taught to some 150 practielng managers with much of their atudy concentrating on casa material provided from current experience. This approach is not unique in the polytechnic sector.

The present funding arrangements fevour full-time courses and our decision on educational grounds to switch to part-time talks of "a way of charging a lower percentage commission on a larger sum" in connection with hrokers' percentages on deals. There is no problem in that; we operate such a formula for agents' commissions, the trick being to construct the relationship in such a wey that the agent gets adequately rewarded for his effort on amall jobs and yet does not get ones. We also use a factor that is negotiable and depends on the circumstances. such as in talks of "a way of charging a the circumstances, such as whether the agent merely introduces prospects, follows them through, is in the UK or

abroad, etc. Anyone can construct such a formulation graphically by just putting down a scale of job (or deels) value along one axis and dotting in the eppropriate-seeming commission percen-tages at aay £100, £1,000, £10,000, etc and submitting a draft for negotietion, bending the graph appropriately. But a formula that can be put on a

From the monoging director, plant scales) turns out to be of Zenit.

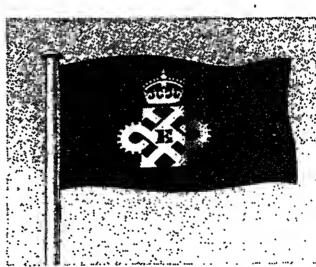
% commission = \*\*(logSP-1)\*
where L is the negotiable factor and SP is the Selling Price.

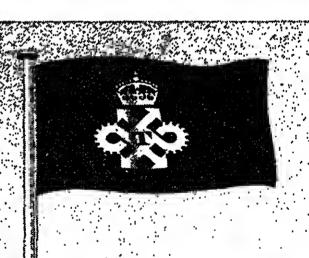
For L=1 (which we apply for introductions-only cases) and a selling price of £10,000 this formula yields a percentage commission of 2½. For L=2 (active selling to order stage) and a Selling Price of £1,000 it yields 10 per cent.

With calculators to hand there is no need to have incremental variations; the exact figure for the SP when entered gives the precise percentage commission. The same engineering design " reward formulae is applied to. for example, our Job Addendum (Managers) incentive scheme, where the JAM = 1/L (NM-OH), NM heing Net Margin and OH Overheads contribution Similarly for adjusting gross pay levels to arrive at constant take home pay when sick pay was heing claimed.

calculator and that suits our 30, Stomford Road, own operations (industrial Altrincham, Cheshire. 30. Stomford Road, Bowdon,

B. S. Crons.





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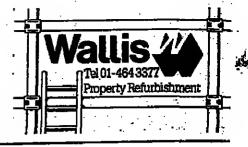
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## **FINANCIAL TIMES**

Wednesday July 24 1985



Alan Friedman in Milan reconstructs the events leading to Friday's devaluation

## Why the Bank of Italy let the lira crash

THE BANK of Italy declined to intervene in foreign exchange mar-kets to save the lira last Friday when it was crashing by 20 per cent against the dollar because of fears that it would appear to be giving preferential treatment to ENI, the

state energy group, whose purchase of \$125m triggered the collapse. Fresh information came to light yesterday about the Bank of Italy's thinking during Friday's currency crisis. It also emerged that the cen-tral bank feared that if it undertook lira (not just in Milan but abroad as well), it would have cost several bundred million dollars of Italian official reserves. The Italian Treasury's decision to close the foreign ange market on Friday, although an extreme measure, was eventually judged to be the lower

Friday's bizarre chain of events, which came as a prelude to the effective 8 per cent devaluation of the lira inside the European Monetary

Paris to

slash aid

to state

industry

Continued from Page 1

Only a small number of priority

sectors have escaped the public

spending axe. These include law

and order, research, education and training expenditures. Even de-

fence was threatened but last min-

ute interministerial negotiations have given the defence budget more funds than the economy ministry

originally planned. In turn, this has

meant further cuts in other areas

mainly in the public administration

As part of these current spending

cuts, the Government intends to re-

duce net employment in the public

administration by 5,500 jobs next

orous budget for next year because

it believes that it will be ultimately

judged by its overall economic track record in the 1986 election and not

by any "quick fix" electoral mea-sures in the budget Indeed, M

Beregovoy said he would have pre-

The overall budget strategy is dic-tated by President François Mitter-

rand's desire to see the budget defi-

cit held within a ceiling of 3 per

cent of gross domestic product

Complicating the Government's

task is the current low growth rate

of the French economy, with GDP expected to rise by between 0.8 per

cent and 1.5 per cent this year de-

**UK rules out** 

South Africa

Continued from Page 1

black community, "whom blacks must be permitted to choose."

African Government to take the fol-lowing "bold" steps: the uncondi-

tional release of Mr Nelson Mande-

leaders, an end to forced removals.

an end to detention without trial, an

early end to the state of emergency,

the progressive abolition of discrim-

inatory legislation such as the pass laws and the Group Areas Act and a

commitment to some form of com-mon citizenship for all South Afri-

Sir Geoffrey called on the South

sanctions

(GDP) next year.

ferred an even tougher budget.

current spending budget.

System at the weekend, saw the li-contacts between itself and the ra sink from L1,839 to the dollar to Bank of Italy. L2,200. Yesterday, on the second day of foreign exchange trading since the devaluation, the lira re-

gained more lost ground to close in Milan at L1,907. Prime Minister Bettino Craxi has ordered a full inquiry into the events of last Friday, but, based on new information, it is now possible to reconstruct the events with some the operation.

The day started with the Craxi Government planning to take advantage of market calm to seek a lira devaluation within the EMS. The currency drama got out of control after ENI ignored Bank of Italy advice to delay its \$125m purchase for

At 12.15pm ENI contacted the Bank of Italy and said it wished to buy the \$125m directly from the central bank. With Sig Lamberto Dini, director-general, and Sig Fabrizio Saccomanni, head of foreign exchange, in the dealing room of the bank ENI was rung back a few minutes later and advised to delay

At 12.55pm, ENI again contacted the Bank and asked it to make dol-lars directly available, away from the market. The Bank refused the request and ENI said it was going ahead with its purchase in the foreign exchange markets.

Five minutes later, San Paulo di a few days: the central bank lent it could not, however, tell ENI that the reason for the delay was a forthcoming devaluation.

The reason for the delay was a forthcoming devaluation.

The reason for the delay was a forthcoming devaluation.

The reason for the delay was a forthcoming devaluation.

The reason for the delay was a forthcoming devaluation. a few days: the central bank felt it could not, however, tell ENI that contacted the central bank and said

to delay the normal 1.15pm forex the EMS system. But they were price fixing in Milan.
At 1.35pm, San Paulo told the

Bank of Italy it bad received confirmation of the ENI order. The cen-tral bank did not intervene, calcu-lating that to do so would have meant market interventions in dollars, D-marks, French francs and other currencies, which might have cost it several bundred million dollars in operations on international markets later in the afternoon.

The central bank also decided not to contact ENI at a senior level to call off the operation because it viewed that as improper and in any would have required telling ENI of the impending EMS realign-

San Paulo went into the market and at the fixing the lira was shown to have crashed by 20 per cent against the dollar. By that time, central banks in Frankfurt, Brussels, Amsterdam and other European capitals were automatically buying lire under the framework of

ly was taking no action. At 2pm the foreign exchange markets.

What appears to have been going on inside the Bank of Italy's dealing room was a delicate game of poke the central bank was hoping ENI would call off its dollar-buying. At the same time, the Bank did not wish to intervene when it became clear that ENT's search for dollars was driving the lira's value sharply down, in a market that could not

supply the U.S. currency.

Critics of the Italian central bank say it should have intervened, but the Bank of Italy was unwilling to spend what it calculated to be potentially several hundred millions of dollars of reserves. The central bank, meanwhile, did not wish to appear as ENI's counterpart in e market where the supply of dollars was not otherwise forthcoming. Political interference hits ENI

in Johannesburg

Activists from the UDF as well as

In perhaps the most embarrass-ing incident for the Government, three policemen arrested Mrs Molly Blackburn, a prominent local opposition councillor in Port Elizabeth. only hours before she was due to meet a group of high-ranking mem-bers of the Ford Foundation, who

Mrs Blackburn, who has earned the respect and affection of the black community for her defence of

## S. Africa arrests rise as violence continues

AS THE South African security for ces continued their round-up of anti-apartheid activists yesterday, police beadquarters in Pretoria issued the names of 441 people arrested without charge during the first three days of the state of emergency declared on Saturday night and said a further 60 people had been charged with criminal offences.

ports of continuing unrest in many parts of the country told of at least nine deaths since Sunday. But the funeral of 15 people killed in Kwathema on the East Rand three weeks ago passed off quietly against the background of a show of strength by army and police units. Among the mourners was Bishop

Among the subjects of security force attention yesterday was the Johannesburg beadquarters of the United Democratic Front (UDF), which was raided at noon. Police detained one man and emerged with a box of documents after a

are in South Africa on a fact-finding

## Borg-Warner achieves radical jobs and pay deal at UK plant

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

involves a six-year pay agreement and gives a large degree of flexibility in working practices The deal, more radical in some

Soma 600 jobs have been saved. It is understood that the company

is to receive some £30m (\$42m) of new investment from its Chicagobased parent company, and that will fill some £45m worth of orders for a new product line - details of which have not been disclosed. The deal was thought so radical by senior officials of the Amalga-

year. Originally, the target had been around 5,000 jobs. mated Union of Engineering Workers, the plant's main union, that It also plans to hold down civil servants' wage rises next year to 3.4 per cent. The recent fall in French interest rates has given a little more leeway to the Finance Ministry on interest payments on the naonly way to save jobs and agreed M Beregovoy and Finance Minisnot to oppose it. try officials emphasise that the Government has put together a rig-

respects than previous "no strike" • Flexible working practices re-

Precise figures for the second three years of the deal will have to be concluded later. Convenors and shop stewards

The deal was preceded by an intensive sales campaign by the plant's management, led by the

they told the company they could the employees of the plant in 50-not agree to it because of its strong groups to convince them that anock-on effect in other indus-tries if it was embodied in a formal agreement at national level. They recognised, however, that it was the

## BORG-WARNER, the U.S. automat-creet meetings with union and man-

ic transmission group, has reached agement representatives, and did a deal with its British unions that some "toning down" of a play that was originally even more radical than the present one.

agreements between Japanese placing previously strictly guarded owned companies and Britain's demarcation lines with workers ensured the survival of a plant at Kenfig in Wales, closure of which was announced last Posture of which A 7 per cent result in the contract of the contract o

will cease to be full-time union offi-

Australian-born managing director of its transmissions division, Mr Gary Toomey. Mr Toomey met all

whelming" endorsement. A few

The deal is remarkable because the workers at Borg Warner are not, as in many of the electronic plants that have signed "no strike" deals, largely female, with little tradition of unionism. These are large ly male, some of them former miners or steelworkers from the nearby Port Talbot plant, and part of a words of Mr Paul Humphries, Borg-

That environment did not mean constant industrial action - indeed. strikes were not common in the plant - but it did mean, he says, a lack of flexibility and insistence on agreed lines of demarcation.

Warner's divisional personnel man-

John Griffiths writes: Britain's Welsh Office is expected to provide financial aid for the new Kenfig project, which is known to involve manufacture of either a full transmission or key components for one. Borg-Warner refuses to comment on whether it is a continuously variable transmission (CVT) for cars, although that prospect appears increasingly likely.

Until the end of last year, Borg-Senior officials of Britain's Advisory Conciliation and Arbitration the terms it lays out, some 20 of modern version of a CVT originally Service were also involved in dis- whom have since left the company. fitted in Daf cars in the 1970s.

## Opec discusses price cut plan

porting Countries was last night co nearly two months ago. moving towards an agreement to cut the price of beevy crude by 50 cents or so a barrel.

Any such compromise would last only until the next ministerial conference, expected in mid-Septem-ber. It would do little, if anything, to revive the flagging output of Saudi Arabia but might at least save its face "after" complaints about tha drastic fall in demand for the King-dom's oil because of price discounting by other members and thinly veiled threats of retaliation from

The impression left by e beaming Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, is that his Government can afford to wait a little longer, giving other members a chance to observe more fully commitments to official selling rates and quotas under the present ceiling of 16m

barrels a day (b/d).

A cut of \$1.50 would be required to align the official rate for the Kingdom's Arabian Heavy with an API gravity of 27 degrees, with the market rates and boost Saudi ex-ports. A 50 cent reduction would bring its price down to \$26 and other Opec varieties would be lowered accordingly.

It looked as if some special

arangement would have to be made for Venezuela's varieties of even heavier crude lest if take unilateral

THE Organisation of Petroleum Ex- action to match cuts made by Mexi- said to have criticised vehemently

The Opec ceiling of 16m b/d has plummeted well below this level, set last October. The most recent edition of the well informed Middle East Economic Survey calculates the average output for the second rter at 14.7m b/d, with the rate for June having dropped to only 13.7m b/d, when, it reckons, the United Arab Emirates, Ecuador, Venezuela and Gabon were exceed-

ing quotas. Algeria will almost certainly dissociate itself from any agreement geared to satisfying Saudi griev-ances. It will probably be joined in opposition by Libya and Iran. All three dissented from the majority decision to raise the price of Arabian Heavy by 50 cents in January, when it was considered undervalued, and lower the Arabian Light, previously regarded as Opec's refer-ence price, from \$29 to \$28.

chief delegate, is understood to have put up a truculent perfor-mance yesterday at a session devoted to a discussion of the report by Opec's Ministerial Executive Council chaired by Sheikh Yamani and established at the end of last year to help to enforce adherence to official prices and output quotas. He is

ceased to have much meaning as no fewer than five of the 13 mem-actual demand and output have bers have failed to comply with the mandate given to the Dutch audit-ing firm KMG Klynveld Kraayen-hof by opening all books and other relevant information necessary for its task of checking on pricing and

The talks adjourned last night resume this morning. Max Wilkinson, in London

writes: Sterling shrugged off any anxieties about future oil prices yesterday, gaining ground against continental European currencies and a weakening dollar.

The stout performance of sterling encouraged foreign buyers to continue to move into the government securities market, where prices generally moved up, particularly for longer dated stocks.

The pound's strong performance and evidence that the dollar continued to be weak encouraged hopes in the markets that e further cut in UK interest rates might soon appear on the horizon. The British authorities, bowever,

still seem to be very reluctant to start looking towards the next cut BP's challenge, Page 24

By Anthony Robinson

Despite the police crackdown, re-

Keith Sutton, the Bishop of Lich-field. He was sent by the Arch-bishop of Canterbury, head of the Anglican Church, which numbers members in South Africa.

Bishop Sutton was accomby Bishop Desmond Tutu, the black Anglican Bishop of Johanne who, in a moving speech, de-nounced the state of emergency but also the brutal killings of alleged black informers which have oc curred in recent weeks. He threatened to "collect my family and leave this country which I love so dearly" if such killings recurred.

the rival black consciousness Azapo movement figured prominently among the list of detained persons, which also includes four priests and leaders of the black motor assembly and component workers union (Macusa) in the Port Elizabeth area, scene of recent strikes in the Ford, General Motors and Volkswager

detainees and their families, was charged under the security acts for start looking towards the next cut attending an illegal meeting on July in clearing bank base lending rates 14 and released hours later after paying R100 (\$62) bail.

THE LEX COLUMN

## Breathing harder at British Gas

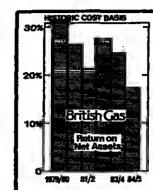
cuse British Gas of pumping up its profits before the flotation; its antiinflationary rigour is proverbial. Moreover, its results for the year to March have put an undisguised dent in the growth record it cannot have been in the privatisation pro-gramme for Sir Denis Rooke to come out with profits of £851m -down by nearly a quarter. All the same, the 1965 version of the corporation's staunchly current-cost accounting policies do appear to represent a modest loosening, which will scarcely come amiss when the prospectus has to be drafted next year.

If the results had been presented on last year's basis they would cer-tainly have looked much less attractive; British Gas would have been reporting only just over £500m for 1985. Lengthen the depreciation pe-riod for gas mains and the profit progression is not only that much smoother, but will move on a gen-erally more elevated level. If noth-ing else, the restatement lifts 1984 profits to £849m - a figure from which £1bn seems attainable by just a year or two of normal improvements in efficiency.

Cosmetic factors apart, the changes have much to be said for them. It does at least make sense for pipelines to be depreciated over their own economic life, rather than at a rate calculated by guessing how large the gas reserves are. And the knock-on benefit of postponing indefinitely the reversal of corporation tax timing differences has enabled the corporation to write its deferred tax provisions back into the reserves. Not only are profits to be higher, but the balance sheet has grown a fraction larger and strong-er. Perhaps British Gas is warming to privatisation after all.

#### Dollar charts

Currency chartists had their rulers out yesterday as the dollar fell smartly first thing in the morning. The line connecting all the low points on the dollar/D-Mark chart since 1982 suggests that there is a support level at DM 2.83 – a level from which the dollar bounced back at the end of last week. Sure enough, although DM 2.8345 was yesterday's London low - a six-prennig overnight drop - the dollar had clawed back two pfennigs by



But one of the many dogmas of chartism is the principle of third time through — having bounced twice, the dollar might fall straight through the support level the third time round. If so, some technical analysts discern another support point at DM 2.75, yet others claim that it will be free fall until DM 2.55 or DM 2.60. Of course, it all depends on where and how thickly you draw on where and how thickly you draw the line. But all the chartists agree halfway through the first chapter of that against the D-Mark, the dollar this saga; their board has hinted is busy falling out of its five-year upward trend. If the Federal Reway. The market yesterday thought

Sterling, meanwhile, is rather further along the line. It broke through the equivalent of the DM 2.83 support level at \$1.30 and the next stop for a break is apparently

#### Throgmorton/SNIT

When Throgmorton Trust hid for arguments a the Edioburgh-based Pentland Investment Trust two years ago, it looked to outsiders like a re-run of whole, been vestment Trust two years ago, it looked to outsiders like a re-run of the battle of Bannockburn. Yesterday's offer for Scottish Northern Inc. westment Trust, based in Aberdeen, was an altogether more seemly affirmed only another 10p yesterday, to close at 245p. That leaves Guinfair, Throgmorton is still hoping for a recommendation from SNIT's hoard, and though that has not yet keeping with its new solicitude for arrived, SNIT's holding statement the countries of maybe an increased offer.

to happen to SNIT soon. In May, it announced plans to team up with the management of Stanecastic As-sets, another Edinburgh firm. When that deal dissolved, the search for new management turned into a beauty contest with at least three other competitors. Throgmorton de cided not even to enter - much easier, it thought, simply to buy the as-

On yesterday's calculations, those assets do not come cheap. Throg-morton is offering about 150p a share, a discount of around 7% per cent to SNIT's net asset value and a price which will dilute Throgmor-ton's assets by 2-3 per cent. But the fit looks good. Nearly a fifth of SNIT's assets are in unquoted com-panies, where specialist investment management is vital – and where Throgmorton has excelled. Then the 20 per cent of SNIT's assets in the U.S. will help Throgmorton's strategy of increasing its overseas

But SNIT shareholders are only serve wants to engineer a soft land- it best to sit tight; the 3p that Throging, it may have to dissuade curren-morton shares lost was put on to cy speculators from trading the SNIT, whose shares closed at 142p, still less than the value of the bid.

#### Tartan fences

Scotland's national spirit seems to at around \$1.50, provided interest have been robbed of its potency rates do not fall first. If anything is since the intoxicating defeat of holding back the D-Mark, it must takeover hids from Hiram Walker be interest-rate differentials. With and the Hongkong Bank a few sterling yielding nearly 7 per cent years ago. It is possible, indeed, more than the D-Mark, anyone that yesterday's decision not to moving out of the dollar must be block the Guinness offer for Arthur rather more tempted to buy the pound, if only for its income.

The control of the possible, indeed, marks the end of the Scottish ring force against best like its possible. fence against hostile bids. If so, it would be consistent with the policy of limiting the work of the monopolies commission to the weighing of arguments about competition, and

Moire

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## World Weather

## **Auditors to sue Lawson for libel**

Continued from Page 1

"If a minister were sued for defamation® Mr Peter Carter-Ruck, a leading libel lawyer, said last night,

"he might well succeed on a plea of privilege, on the ground that he The public interest was held to

rare. In 1895 one Chatterton sued the Secretary of State for India for the House of Commons. The Secretary of the Army Council sent a letter to The Times vindicating the general and defaming Mr Adam. It was held thet publication in the press was justified on the ground of qualified privilege, because the charges in the house had raised made the statement in the public wide publicity and the response was in the public interest.

Peter Riddell, Political Editor, justify a defamatory letter published in The Times in Adam v again in the Commons on Friday. Mr Brian Sedgemore, a Labour MP



Mr Nigel Lawson In that case the plaintiff, Mr who has made a series of allega-bate just before parliament rises Adam, who was an officer in a cavitions about alleged fraud, will inifer the summer recess on the Treatient and an MP, made that a 45-minute adjournment description.



## SECTION II - COMPANIES AND MARKETS **FINANCIAL TIMES**

Wednesday July 24 1985



## Exxon earnings cut by \$545m special charge

EXXON, the world's biggest nil net income to \$745m after taking an trailed last year's robust conditions additional \$545m charge to cover its possible losses from a recent U.S. court ruling. Exxon was said to demand for boiler fuels, in part due have charged too much for oil produced from its east Texas oilfield during a period of price controls.

The effect of the charge was to re- nant." duce earnings per share in the second quarter by 71 cents to 99 cents, lower economic growth, earnings compared with \$1.63 in the same period last year. The company says if tions improved in the second quarthe special charge is excluded its ter relative to both the first quarter earnings per share in the latest pe- and the same period last year. Imriod rose 4.3 per cent to \$1.70, reflecting the recent share buyback the U.S. and abroad as margins programme it has been conducting in the open market.

The group's overall net income, excluding the special charge, fell from \$1.35bn to \$1.29bn. The result is slightly disappointing given the big improvement in margins on downstream refining and market-ing operations which has boosted other U.S. oil groups.

Mr Cliff Garvin, Exxon's chair- sulting decrease in foreign excompany, yesterday reported a 45 man, said yesterday, "U.S. economper cent drop in its second quarter ic growth in the second quarter ic growth in the second quarter is growth in the second quarter." with resulting weaker demand for petroleum products. Reductions in to fuel substitution, more than offd set growth in transport fuels abroad, and oil demand was stag-

> from refining and marketing operaprovements were realised in both strengthened. However, Exxon's chemical results were down from its restructuring costs, reported a the strong 1984 second quarter as \$1.1bn second-quarter loss, equal to worldwide overcapacity reduced \$4.90 per share. Phillips Petroleum

margins.
The dollar weakened relative to major foreign currencies through- partly due to a 543m charge to cover

change gains on overseas debt. Exxon said yesterday that it continues to believe that the court decision on overcharging is "inequit-able." It is seeking to have the ruling overturned and will go to the Supreme Court if necessary. In the meantime the latest provision means it has set aside 51bn to cover its exposure in this case and other Department of Energy regulatory

Meanwhile, two of the other big U.S. oil groups which have been undergoing a major restructuring in recent months reported their results yesterday. Atlantic Richfield, which had already announced it was taking a \$1.5bn charge to cover reported a 52 per cent drop in its second quarter net income to \$110m

> For the first balf, net final income emerged sharply up at \$319.13m or \$3.34 a share against \$4.81m or 6 cents. Sales for the six months were up \$197m at \$3.56bn, with a \$122m advance to \$1.94bn in the second

**PepsiCo** 

sparkles

during

quarter

in New York

By Chris Cameron-Jones

PEPSICO, the leading challenger to

Coca-Cola's dominance of the world

soft drink market, achieved 29 per

expansion in the U.S. than that of

the soft drink industry generally helped push its worldwide soft

drink earnings ahead 10 per cent.

Overall net income in the latest quarter reached \$256.29m or \$2.68 a

share, with \$119.3m from continu-

ing activities and a \$129.7m net gain

from disposals. This compared with an overall loss of \$42.55m or 44

cents, in the corresponding period a year ago. Then, continuing opera-

tinns contributed \$30.33m net, but

Mr Donald Kendall, chairman and chief executive, said that even greater momentum was expected in operations for the rest of 1985, with strong second half by all three business sectors.

During the latest quarter, sales from U.S. Pepsi-Cola bottlers were 11 per cent ahead but abroad they were little changed. In snack foods, earnings were 19 per cent higher for the period but restaurant busi-ness earnings slipped 6 per cent.

## Good forecast for Swiss

By Our Financial Staff SWISS VOLKSBANK, the Swiss bank, expects good results for 1985 after a strong second-quarter

internal budget

buoyant stock market and foreign exchange commissions, it points out Balance sheet total at end June was SwFr 24.23bn (\$10.18bn), up al-most 8 per cent from the level six months earlier.

year, net earnings reached \$200m, up 28 per cent on the previous \$6.920m a year earlier, and down 9.2 year's \$223m. Not per share, fully per cent for the half year to \$12.35m dealing subsidiary, benefited from \$13.55m. first-half results.

BANCO BRASILEIRO de Descontos, the leading Brazilian private bank yesterday reported a 123 per

bank forms the largest part, im-proved its earnings before tax by 91

by 14 per cent during the half and 20 per cent over the full 12 months

## Commerzbank earnings rise 21% at mid-way

COMMERZBANK, the West Ger-COMMERZEANK, the West German commercial bank, sharply "big three" German commercial boosted operating profit in the first banks to announce first-half recount in securities and foreign ex- formight.

Earnings from commissions busicent growth in pre-tax earnings from continuing operations in the second quarter and a major turn-round in reported overall net income. PepsiCo's substantially faster sult to DM 389.3m (\$96.8m), while interest profits rose by 1.6 per cent to DM 932,2m.

After deducting personnel and other expenses, this left Commersbank at mid-year with a "partial" operating profit of DM 318.1m - just 2 per cent more than the compar-

able 1984 figure. Full operating profit was well ahead, however, thanks to what Commerzhank describes as the highest six-month earnings it has achieved from own-account trading. Precise figures were not given.

Reynolds

Metals hit

by imports

By Our Financial Staff

half of this year due to record earn- sults, with Deutsche and Dresdner ings from trading on its own ac- banks expected to follow in the next

banks are heading for 1985 profits ness jumped by 21.3 per cent which could well surpass the 1984 against one half of the full 1984 re-results, and even match the record figures of 1983. In Commerchank's case, there is already speculation that the dividend may be raised from the current level of DM 5 per DM 50 share.

As the Commerzbank interim report makes clear, the profits improvement is coming against a background of a strengthening do-mestic economy, with low inflation and falling interest rates. Corporate lending is particularly brisk.

Commerciank is the first of the mid-1985, while that of the group big three German commercial was up from DM 122.7bn to DM 129.2bn. The liable funds of the parent have been raised to DM 3.14bn. thanks mainly to the issue this month of DM 425m worth of profitsharing certificates.

In another development, Commerzbank has confirmed that Banco Hispano Americano (BHA), one of Spain's biggest banks, will not after all be exercising its option to acquire Commerzbank stock.

Under an accord announced in June last year, Commerzhank took a 10 per cent stake in BHA, which in turn was to have a holding of up to 7.5 per cent in the German bank. It is understood that BHA will

not be taking a stake, not least because of a tightening of Spanish law The parent bank's balance sheet making it costlier for domestic total increased from DM 72.8bn at banks to acquire holdings in foreign

## may agree truce with **BI-Invest**

**Montedison** 

SIGNS of a truce were emerging yesterday in the bitter corporate struggle between Montedison, the Milan-based chemicals group, and Bl-Invest, the financial and industrial holding company in which it took a 37 per cent controlling stake earlier this month.

Montedison paid L240bn (\$123m) to stock-market raiders for the BI-Invest stake, but trouble occurred immediately when it became clear that in doing so Montedison had taken an indirect stake in itself -B1-Invest holds an indirect stake in Montedison through its shareholding in Gemina, a financial vehicle also controlled by Fiat and Pirelli.

Last week it was learned that BI-Invest might have succeeded in blocking Montedison by spending L40bn to acquire more than 2 per cent of Montedison. This counterattack, using Italian law on crossboldings, is designed to force Montedison to cede its Bl-Invest

Yesterdey, key signs emerged that the two parties might be willing to call a truce and thereby allow mediation by Sig Cesare Romiti, Fiat managing director to continue privately. An extraordinary meet-ing of BI lavest shareholders had been called to approve a motion allowing the company to buy its own shares in the market in order to overtake the Montedison stake. Sig Carlo Bonomi, BI-Invest chairman, asked shareholders to abandon the proposal. Meanwhile, Montedison, which bad been expected to appear at the meeting, did not even attend. Indesit, Italy's troubled manufacturer of white goods, which last week dismissed and replaced its entire board after disclosing a record L196bo loss for 1984, was in talks last night with senior officials of the Ministry of Industry.

The company was discussing details of its restructuring plan, which is likely to involve big lay-offs and the sale of a part of the company.

#### there was a \$156m pre-tax provision out the second quarter in contrast a restructuring programme followfor restructuring and a \$15m net to a general strengthening in the ing the unsuccess same quarter last year, with a re-

BY OUR NEW YORK STAFF

SEARS, ROEBUCK, the world's expectations and Sears shares fell a 42 per cent advance in the latest by the economic slowdown and a Street. highly competitive marketplace in the second quarter. In merchandisoverall operating income down 9.8 per cent at \$301.7m.

After tax earnings slid to \$265.5m stage for a better second half. or 72 cents a sbare, from \$356m or 99 cents. Part of this decline was attributable to lower realised capital gains and other income of \$22.8m. compared with \$95.7m last time. Also the year-ago period benefited from \$64.1m from the sale of properties and a debt equity swap.

BY OUR FINANCIAL STAFF

**EUROBONDS** 

PHIBRO-Salomon, the Wall Street

BY MAGGIE URRY IN LONDON

75m, was welcomed by the market and traded at a discount around the

The issue has a 10-year life and pays a coupon of 8% per cent with the issue price set at par. Fees total

The Ecu market has been fairly

stable since the weekend and prices

were little changed yesterday. Deal-

ers said that the new issue helped

An entry in the Australian dollar

bond market was also successful.

The A\$50m issue marked the debut

of the Australian Gas Light Compa-

ny in the international debt mar-

kets, and was led by Orion Royal

The issue has a seven-year matu-

rity and pays a 13 per cent coupon

with the issue price set at 100%.

Fees total 2 per cent. The bonds

around % point to the issue price.

to give the market confidence.

2 per cent. BNP itself is book-

1% per cent selling concession.

largest retailer, continued to be hit \$14 to \$37% in early trading on Wall

Setback for Sears, Roebuck

Looking ahead, Mr Edward Tell-ing, the chairman and chief execu-

Half year net income declined from \$569.6m, or \$1.59 to \$488.8m or \$147.1m previously.

The results were below market compared with \$17.81bn, including tres. Revenue increased to \$235.5m

Phibro-Salomon advances strongly

investment banking and commodities trading group, has reported a cent on last year's \$145m. The comties trading group, has reported a cent on last year's \$145m. The comties trading group, has reported a cent on last year's \$145m. The comties trading group, has reported a cent on last year's \$145m. The company said that its effective tax rate for the quarter ended June 30 to continued to reflect provisions for position as the leading U.S. under-

sor the first six months of this year, net earnings reached \$286m, up 28 per cent on the previous \$282m Not year shape fully sorted as the reached \$280m, up 28 per cent on the previous \$282m Not year shape fully per cent for the half year to \$192m Not year shape fully per cent for the half year to \$192m.

BNP's Ecu venture welcomed

minimum \$35m two-tranche conver-

issue since the lira was devalued Eurodollar bond market. Traders over the weekend. The deal, for Ecu noted a complete lack of interest in

Salomon Brothers, the group's according to Mr Gutfreund,

company operates the Zortman/ controlled by Mr Kerry Parker. The

convert into gold at a price to be fixed in late August at a three-day average of the London gold fixing.

D.Mark Eurobonds maintained price levels in thin trading.

International bond service,

Landusky gold and silver mine in issue has a 10-year life

ing, the main division, there was a tive, said that strong money supply 35 per cent fall in income, leaving growth, and lower interest rates were contributing to increased consumer confidence and setting the

\$1.32, with net gains and other income down at \$111.8m from

Total revenue for the six months was 4.5 per cent better at \$18.6bn,

Financial Services recovered to a

quarter to \$9.84bn, from \$9,44bn. Allstate insurance, Sears' second largest activity, turned in a \$6.1m increase in income for the quarter to \$152.5m on revenue 14 per cent higher at \$2,53hn, Also Dean Witter

\$12.2m profit from a \$22.7m, loss. The improvement at Dean Witter reflects increased volume in the securities market. Its revenues were almost \$100m ahead in the

quarter to \$598.1m. Income at Coldwell Banker Real Estate fell to \$4.5m. In the year ago period much of the \$32.5m income arose from the sale of shopping cen

## Volksbank

The bank says earnings for the three months ended June were significantly above the comparable 1984 levels, and also ahead of

The improvement mostly reflects

Volksbank's mid-term report mirrors that of a number of other Swiss banks. Swiss Bank Corporation and Union Bank of Switzerland, two of the Swiss big three commercial banks, recently disclosed strong

For 1984 Volksbank made a net profit of SwFr 75m, an increase of 20 per cent over the SwFr 82.2m of 1983.

## returns big increase

into shares, the second is converti- the first time. Ferrovie dello Stato's ble into gold, giving investors a play

SwFr 100m floating rate note closed
on the gold price over the sevenyesterday at 98% compared to the year me of the bonds.

This \$10m tranche will pay a 5 per cent coupon so that investors receive some income while boping for a gold price rise. The bonds will convert into gold at a price to be par issue price, after opening in the par issue price closed at 99% in dollar terms compared to a par issue price. per cent to \$264m.

results were better than forecast.

#### BANQUE Nationale de Paris braved the European Currency Unit Europond market with the first new issue since the lira was devalued Meanwhile the falling U.S. dollar shares will be of between \$25m and \$35m, with a seven-year life and an 8% per cent coupon. The conversion premium will be about 15 per cent. Brazilian bank this sector and prices drifted down by % to % point. The only deal to be issued was a (Overseas) and Prudential-Bache

Securities.
In the Swiss franc foreign bond tible by Pegasus Gold, the U.S. sub-sidiary of a Canadian company, whose shares are quoted on the 200m maximum public deal for Con-By Andrew Whitley

whose shares are quoted on the 200m maximum public deal for Con-Toronto Stock Exchange and dealt solidated Press International Fi-over the counter in the U.S. The nance, the Australian media group cent increase in pre-tax profits for the first half, to \$219m, compared Montana.

The secondary market was quiet, with the same period last year.

While the first tranche is a with prices drifting lower where straightforward bond, convertible changed. Two new issues traded for glomerate, of which the commercial glomerate, of which the commercial

> A strong performance had been expected as the first half of 1984 had been exceptionally poor in the Bradesco entire banking sector. But

The group's total assets increased

## Mexican brewer under new control

CERVECERIA Moctezuma (Cermot), the troubled Mexican brewsery, which has been locked in dispute with its foreign creditor banks for the last 18 months, is to become part of the Visa Group, the country's second largest prefuse bolding.

With activities centring on brewing, with activities centring on brewing, and processing and banks converted \$40m in debt into a structure of the Last 18 months, is to become the family owned Modelo brewery, and just ahead of Cermot. Rather than actually merging. Cuanhtemor than actually merging. Cuanhtemore which includes Indian accuracy and accountry than actually merging. Cuanhtemore which includes Indian accuracy and accountry than actually merging. Cuanhtemore which includes Indian accuracy and accountry than actually merging. Cuanhtemore which includes Indian accuracy and accountry than actually merging.

chances of repayments on Cermot's ing to industry sources.

The tranche convertible into

Page 17

premium will be about 15 per cent. Issue price for both tranches is par.

part of the visa Group, the country's second largest private holding company.

The deal will rationalise the beer industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationalise the bear industry and increase the banks' of the deal will rationally merging. Cuanhtemor makes the bear industry and increase the banks' of the deal will rationally merging. Cuanhtemor merging company.

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The deal will rationally merging company of the deal will now run a co-ordinate the bear industry and increase the banks' of the deal will respect to the deal will now run a co-ordinate the bear industry and increase the banks' of the deal will respect to the deal will respect to the deal will

chances of repayments on Cermot's debt of over \$400m.

Sr Alberto Bailleres, Cermot's main sharebolder, will surrender majority control of the brewery, in return for a minority bolding in Visa, probably of 12 per cent. Not all details have been announced.

Visa, the Monterrey company in the company, in reduction of part of the company to Visa against any immediate prospect of liquidation. But after new bank-inspired capitalisation proposals.

private silver producer, would put up \$40m of his own capital.

Cermot's creditors finally started Cermot's creditors finally started

## Western Union cuts deficit to \$9.7m

WESTERN UNION, the struggling REYNOLDS Metals, the second largest U.S. aluminium producer reported a second-quarter net loss suffered a further decline in earn of \$9.7m, down sharply from the ings during the second quarter, re-flecting weak prices and high levels \$15.2m deficit in the first three months but still higher than the \$2.9m operating loss in the second

of imports. Net profits slumped from \$37.3m or \$1.74 a share in the 1984 second quarter to \$4.9m or 21 cents. The latest result, which includes a \$1.3m tax credit, represents a further decline on the \$7m earned in the 1985 first quarter.

Earnings for the first six months therefore emerge at \$11.9m or 52 ceots a share, against \$59.6m or

Sales fell from \$1.95bn in the 1984 first-half to \$1.73bn, and from \$1bn to \$921.5m in the latest quarter, when shipments slipped from 297,800 a year ago to 295,800 tonnes.

Western Union suffered a loss of U.S. telecommunications group, has \$56.3m last year and came close to bankruptry early this year before bank credit agreements were renegotiated. The group has spent heavily to expand into unregulated areas such as electronic mail. Western Union Telegraph, the

company's principal subsidiary, made a loss of \$600,000 in the sec-The latest loss is equivalent to 65 cents a share. In the comparable period of 1984, an S8.3m extraordinary ond quarter, compared with net gain made final net \$5.3m or 8 cents profits of \$7.1m a year earlier. Western Union is trying to eliminate job Mr Robert S. Leventhal, chairsecurity guarantees granted when man and chief executive since last the company was a regulated mon-

December, said: While we still opoly carrier. have a long distance to go in recov-The latest loss took the deficit for ering from the liquidity crisis that the first six months of 1985 to \$25m. the company experienced in the or \$1.54 a share, compared with an fourth quarter of 1984 we have sig-nificantly reduced our ongoing ex-in the first half of 1984 was \$19.3m penses for wages and administra- or 81 cents after a \$19.8m extraorditive costs."

This announcement appears as a matter of record only

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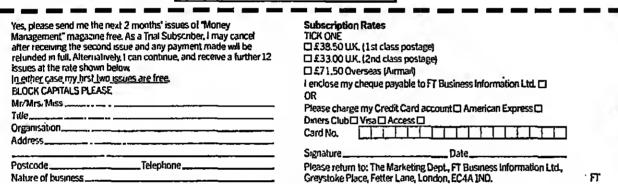
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## INT. COMPANIES and FINANCE

## Downstream recovery lifts oil majors

BY OUR NEW YORK STAFF

MOBIL and Amoco, the second and 1985 continued through the second fourth biggest U.S. oil groups, quarter, particularly in the U.S. achieved improved second-quarter That, combined with higher world-earnings, largely because of better wide production of oil and gas. margins on downstream refining more than offset the impact of and marketing operations.

Mobil's carnings rose 12 per cent to \$411m while Amoco's were up 15 year, Mobil's U.S. refining and marper cent at \$600m. Earnings a share keting operations made a \$42m keting operations made a \$42m result of the group's share buyback programme. Mobil's earnings on a per-share basis rose 12 per cent to \$1.01.

AIR PRODUCTS A CHEMICALS Industrial gases

1984-85 19

726.5m 40.5m 0.51

1985

Mobil says the improvement in refining and marketing margins chairman said: "The high level of which began in the first quarter of earnings achieved in the second

increasing downward pressure on which earlier this week announced

For the first half, Mobil's earnings declined to \$731m or \$1.79 a share from \$746m or \$1.83. Revenues fell slightly to \$29.8bn from

> Amoco's first half earnings were \$1.07bn, or \$4.04 a share, against \$1.12bn, or \$3.84. Revenues declined

Meanwhile Occidental Petroquarter is unlikely to continue dur-ing the balance of the year due to leum, the west coast oil group crude and product prices, as world-wide production and refining capacities continue to exceed projected petroleum demand levels.

which earner this week aminomical higher second-quarter profits, has agreed to buy 2.3m of its \$15.50 cumulative preferred shares from Drexel Burnham Lambert, the U.S.

investment bank, for about \$253m. As foreshadowed in June, the purchase will be made with cash from the Sibn sale to Royal Dutch/ Shell of a 50 per cent interest in Occidental's Colombian oil interests. Following the deal with Drexel, Oc-cidental will have retired 48 per cent of the preferred shares issued for the acquisition of Cities Service.

#11

#### NORTH AMERICAN QUARTERLY RESULTS

8-	CADILLAC FAIRVIEW Property			Consumer products;	naffrond		Off and ges drilling	· · · · ·
1984	First guerter	1985-6	1984-5	Second quarter	1965	1984	Second quarter 1984	
8 854.1m	Revenue	CS 117m	CS 134,1m	Revenue	1.15ba	972.9m	Revenue	46.1m
72.4m	Op. net profits	7.8m	15.6m	Net profits	33.3m 0.62	28.3m 0.71	Net profits	
2.48	Opt. net per stare	0,07	0,16	Six months	2.21bn	1.88bn	Revenue	82.2m
1.69bn 96.3m	CESSNA AIRCRAFT			Net profits	57.6m	48.4m	Net profits 1,2s	n †4em
3.30			4000 04	Net per share	1.09	1.18	Net per stere	£ 1000
		1984-85		KAUFMAN AND BROA Heasing, Insurance	D		SANTA FE SOUTHERN PACIFI	c -
	Revenue	159.8m	178.6m 52,665		984-85	1983-84	Refreed	
1984	Net per share	†0.12	_	Revenue	229,2m	142.1m	Second quarter 1985	1984
265.3m 16.9m	Nine month Revenue	543.5m	444.2m	Net profits	7.54m 0.50	6.60m 0.39	Net profits	
0.48	Net profits	2.7m 0.14	†17.2m †0.88	Six months Revenue	381m	259.0m	Net per share 0.67	
501.8m 24.1m	†Loss			Net profits	14.80	72.1m 9.68	Six months	
0.69	COLECO MOUSTREES		<del></del>	Net per shere			Net profits	
	Toys, games			LIEBEY-OWERS-FORE	•		SHERWIN-WILLIAMS	<del></del>
	Second quarter	1985	1984	Second quarter	1985	1984	Palets	
983-84	Revenue	157.8m	166.6m	Revenue	484.8m	460.3m	Second querter 1981	1964
448.9m	Net profits	24.6m 1.06	5,1m 0,32	Net profite	21.6m 1.79	19.2m 1.60	Net profits	
38.2m 1.24	Six months Revenue	382m	362.7m	Six months	933.4m	506.5m	Not per share 1.2	
1.35bn	Net profits	62m 2.24	9.6m 0.59	Net profits	40.8m	37.7m	Stx months Revenue	
108.9m 3.52	Met per asset			Net per share	3.38	3.13	Net profits	
9.82	GREAT HORTHERN N Forest products	EKOOSA		LOBLAW COS. Retailing			SOUTHWESTERN BELL	
		1985	1984	Second quarter	1985	1984	Phone Service	
1984	Second quester	5			CS	CS	Second quarter 1986	
	Net profits	480.6m 12.4m	477.3m 35.1m	Op. net profits	1.58bn 16.2m	1,47hn 14,1m	Revenue 1.996	1.76bn
816.3m 47.6m	Net per stare	0.49	1.35	Op. net per share	0.41	0.36	Net per share	
0.66	Revenue	978.8m	936.4m	Op. net profits	3.06bn	2.84bn 23.8m	Six months Revenue	
1.54bn 77.7m	Net profits	26.3m 1.00	64.8m 2.49	Op. net per shere	0.67	0.50	Not profits	417.1m
0.91	HAMMER MILL PAPER			MOM/UA ENTERTAIN			SURTRUST BANKS*	-
	Paper S paper produ			Films, TV programme			Hanking	·
	Second quarter	1984-86	1983-84		1984-85	8.	Second quarter 1981	
1984	Revenue	•	-	Net profits	145m	102.1 m 5,6m	Revenue	
30.9m	Net profits	10.81m 0.71	16.97m 1.16	Not per shere,	0.29	0,11	Net profits	
1.55	Six months			Heretale	474m	568.6m 32.5m	SQUARE D	
21.2bn	Net profits	18.74m	32.12m	Net profits	1.33	0.65	Montrical products	
55.8m 2.86	Net per share	1.21	2.23	†Loss			Second quarter 196	5 1984
	G, HEILENAN BREWI	NG		Phone service			Roversia	338.3m
i	Browkig			Second questor	1985	1964	1 Not	
1984	Second quarter -	1985	1984		250	2000	Not per abore 0.70	664.0m
2,02bn	Net profits	387.4m 18.7m	374.2m	Not profits	262.5m	239.5m 2.46	Net profits	
246,7m 2.53	sest bet apeté	0.71	0.64	Six months			TELEDYNE MC	136
3.96bn	Revenue	676,9m	683m	Net profits	5t9.9m	4,6bn 461.3m	Engines, special metals, elec	tronics
482.1m	Net profits	23.9m 0.91	27.3m 1.03	Net per share	5.15	4.76	- Second quarter ' '1981	1984
	HILTON HOTELS	-		PACIFIC TELESIS Phone service			Revenue	
	Luxury hotels			Second quester	1985	1984	Net per share 19.11	
1984	Second quarter	1985	1964	Revenue	2.12bn	1,95bg	Revenue	1.77bn
388.5m	Revenue	185.7m	173,5m	Net profits	243.5m	211.9m	Net profits 348.10	391.1m
28.2m 1.32	Net profite	27.6m	. 24.5m	Net per shere	2.42	2.18	Not per share 29.7	3 20.80
	Six months			Net profits	4.2bn 467.1m	3.85n 408.7m	TEKINONIX Electronics instruments	
766.4m	Net profits	358.9m 51m	337,5m , 43,7m.	Net per shere	4.85	4.22	Fourth quester 1984-8	1983-84
2.41	Not per share	2.05	1.63	PPO MOUSTRIES Flat glass, industrial	chemic	els and	Revenue	
				costings		-	Net profits	T 64m
***	****	****		Second quarter	1985	1984	Year	
- 7 -			•	Revenue	1.10bo	1.10bn	Net profits 90.27	1120
				Net profits	89.4m 1.28	86.1m 1.23	Net per share 4.4	1 5.74
ears as a ma	tter of record only	JULY 1985		Six mouths	2.20bs	2.10ba	TEXAS OIL AND QAS Oil and gas processing	
			5	Net profits	169.8m 2.43	160.2m		5 1983-84
				REPUBLICIANK CORP				
0,000	U.			Banking			Net profits	p <b>36.3</b> m
,,,,,,,,,,,	J			. Second querter	1985	1984	Net per share 0.2	8 0.42
				Revenue	•	*	VF Clothing	
	•		<b>3</b> 1	Net profits	36.5m 1.19	32.3m 1.08	Second quarter 1985	1994
			<b>3</b>	Siz month . Assets (end June)	22.1bn	20.5bn	Revenue	8
			<b>3</b> .	Net profits	70.9m 2.38	61.9m 2.12	Net promis	90.2m
	•		***************************************	ROADWAY SERVICES			Net per share	
				Road haulege			Not profits	57.8m
				Second quarter 1	984-85 1	983-84	Not per share 1.80	
			3	Revenue	256.63m	335.58m	W. W. GRANGER Electric motors distributor	
			***	Net profits Net per share	17,55m 0.44	23.36m 0.68	-Second quarter 1961	1964
	'			Six months Revenue	685.26m	648.64m	Revenue 294.5m	
	la Dans	-		Net profits	30.55m 0.77	43.95m 1.09	Not profits	18.2m
e (	le Pari	LS i	3	· · · · · · · · · · · · · · · · · · ·			Net per share 0.60	0.63

## Granville & Co. Limited

Over-the-Counter Market

							_	
High	Low	Company	Defen	<b>6</b> 1	Gross			Feliv
146	123	Ass. Brit. Ind. Ord	LUCE	Changa		%	Actual	texed
151	135.	Asa. Brit. Ind. CULS	135 138		6.8	4.8	7.5	8.9
77	44		44	_	100	7.2	_	_
42	26	Armitage and Rhodes	38	_	B.4	14.5	73	9.6
159	108	Bardon Hill	158xd	Ξ	2.9 4 0	.8.1	46	7.5
64	42	Bray Technologies	62	_	3.9	2 6 6.3	2 <u>0.0</u>	20.6
201	161	CCL Ordinary	181	-1	12.0	7.5	7.B	8.7
152	105	CCL 11pc Conv. Pref	105		15.7	14.9	3.9	3.7
130	10	Carborundum Ord	130	=	4.8	3.B		
90 73	83	Carborundum 7.5pc Pl.	90	+1	10.7	11.8	8.4	10.1
.73	46	Debotah Sarvices	48		8.5	13.5	4.6	7.4
467	182	Frank Horaall	467×c	ΙΞ.	1.4	0.3	12.0	16.4
385	170	Frank Horsell Pr.Ord.87	360 cd	_	11.9	3.3	9.3	
32	25	Frederick Parker	28	_		2.0		11.9
67	33	George Blair	67	<b>+</b> 1	=.	=	4.5	-
50	.20	ind. Precision Castinga	.20	_		13.8	5.5	9.0 5.8
216	177	leis Group	180	_	15.0	9.3	13.6	26.9
124	101	Jackson Group	705	-1	5.5	5.2	7.0	7.0
285	213	James Burrough	236		15.0	6.4	7.4	7.4
94	83	Jamas Burrough Spc Pf.	94	+1	12.9	13.7		7.4
95	71	John Howard and Co	88		5.0	5.7	7.0	
225.	100	Lingusphone Ord	214	_		5.7		11.0
100	92	Linguaphone 10 Spc Pf.	94	-1	15.0	16.0	7.9	8.2
650	300	Minihouse Holding NV	580		B 9	1.2	75.0	
120	31	Robert Jenkins	64	1	5.0	7.8	25 g	24.5
60	28	Scruzzone "A"	24	•	3.0	4.0		. —

#### INTERNATIONAL COMPANIES and FINANCE

## Strong results for Merrill Lynch

BY OUR NEW YORK STAFF

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Anaders de proj de seman de se

See 150 may

Se list

MERRILL LYNCH of the U.S., the and chief operating officer, in place world's largest securities broker, of Mr William Schreyer, who in quarter. Strong performances in all other operating areas too and better increa cost control converted a \$32.8m or bers.

continued to benefit strongly from April succeeded the previous chair-an active stock market and higher man, Mr Roger Birk, when he re-average share prices in the second tired. Mr Tully is also named a diincreasing the board to 15 mem-

36 cents a share net loss a year ago into a profit of \$67.6m or 69 cents a share.

Together with the near-trebling of earnings in the first three months, the latest results took half-Commission revenues more than trebled to \$378m and principal \$1.27, compared with a loss of transaction revenues quadrupled from last year's depressed levels to period grew from \$2.75bn to \$3.35bn. a record \$258m. with a 30 per cent advance in the Separately the firm has named latest quarter to \$1.76bn from Mr Daniel Tully, 53, as president \$1.36bn.

#### **Warner Communications** continues recovery

BY CHRIS CAMERON-JONES IN NEW YORK

WARNER COMMUNICATIONS, reached \$50.01m, or 72 cents. its recovery in to the second quar- \$406.8m.

the U.S. film and entertainment against a loss of \$20.04m on congroup which appears to be back in the takeover arena, has continued net final loss for the half year was

Mr Steven Ross, the chairman Aided by strong performances in and chief executive, said that the its filmed entertainment and resecond quarter turnround was also cord-music divisions, the company helped by sharply lower corporate achieved net earnings of \$28.56m, expenses. The results reflected the or 41 cents a share in the quarter, success of the company's strategic compared with a \$27.2m loss on decision to focus its attention on its continuing operations a year ago. core entertainment and communi-For the first six months, profit cations businesses, he added.

#### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

Victorian Rep 11s 92 World Bank 12s 94 World Bank 12s 94

U.S. DOLLAR
STRAMNTS
Amer Credit 10°4 90
Amer Credit 12°5 83
Atlant Rendit 10°6 00
Bank of Tokyo 13°5 91
BP Capital 11°5 92
Caradian Pac 10°4 93
Caradian Pac 10°4 93
Caradian Pac 11°5 99
CBS lec 11°5 92
Chewan U.S.A. 12°4 83
Côcop 11°5 95
Coca Cole 11°5 97
Denmark Kingdom 11°5 93
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Denmark Kingdom 11°5 95
ELB. 13°5 95
ELB. 13°5 95
ELB. 13°5 96
Export Dev Corp 12°9 96
Export Dev Corp 12°9 96
Ford Motor Cred 11°5 95
Ford Motor Cred 10°6 97
SEM Credit 10°6 20°6 97
May Credit 10°6 20°6 97
May Credit 10°6 97
Medio Bank 13°6 97
Merni Lynch 12°6 97
Mero Corp 14°6 95
Merine Sank 11°6 97
Merni Lynch 12°6 9 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | Missi Trust 115-90
Morgan Gearanty 129-89
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Panney J.C. 123-91
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Basser Travenot 7a 94
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Dequase in Fin 7a 94
E.C. 0 92
E.B. 7a 84
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Outbac Hydro 7a 95
Renown 3a 90
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Export Dev Corp 5½ 92
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Raisson Purries 5½ 94
Santas Finance Ltd 94
Tokyo Etec Pen 5½ 93
Tokyo Metropolis 5½ 94
World Bk 5½ 94

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B M.P. 5's 96 (July)
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Samutomo Corp 2s, 99
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\* No informacion available previous day's price 7 Only one market maker supplied a price.

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## Today, more safety for cars means more electronics. And today, electronics in cars means BMW.

# Airbag system.

BMW recognised both the need and the potential for electronics in the quality car of the future much earlier than sny other manufacturer.

And that's why it's herdly surprising to learn that BMW exploits their ability to solve complex technical problems more comprehensively than anyone else. And this doesn't just spply to engine electronics or to advanced monitoring, warning end information systems. It also embraces the vital srea of safety. And as a result, BMW has acquired a degree of know-how that ensures quicker and more relieble solutions to tomorrow's

as well as today's problems. One example of this extensive know-how is the field of sensor technology, which enables data on the numerous mechanical end thermal functions of a car to be translated and relayed as intelligible information to the car's electronic control systems. Without the reliability and dependability of this sensor technology, many crucial safety features, such as ABS snti-lock braking and the new Airbag system, would be inconceivable.

The Airbag system on the BMW 7-Series: automatically better protection.

The Airbag is the ideal, logical extension of e car's seat-belt restraint system. It ensures even greater protection for the driver in the event of s head-on collision. The moment the force of s frontal impact reaches an axactly defined level, a nylon slrbag – concealed beneath the safety padding of the steering column – is automatically inflated by a special gas mixture in the minutest fraction of s second (spprox. 30 millisec.).

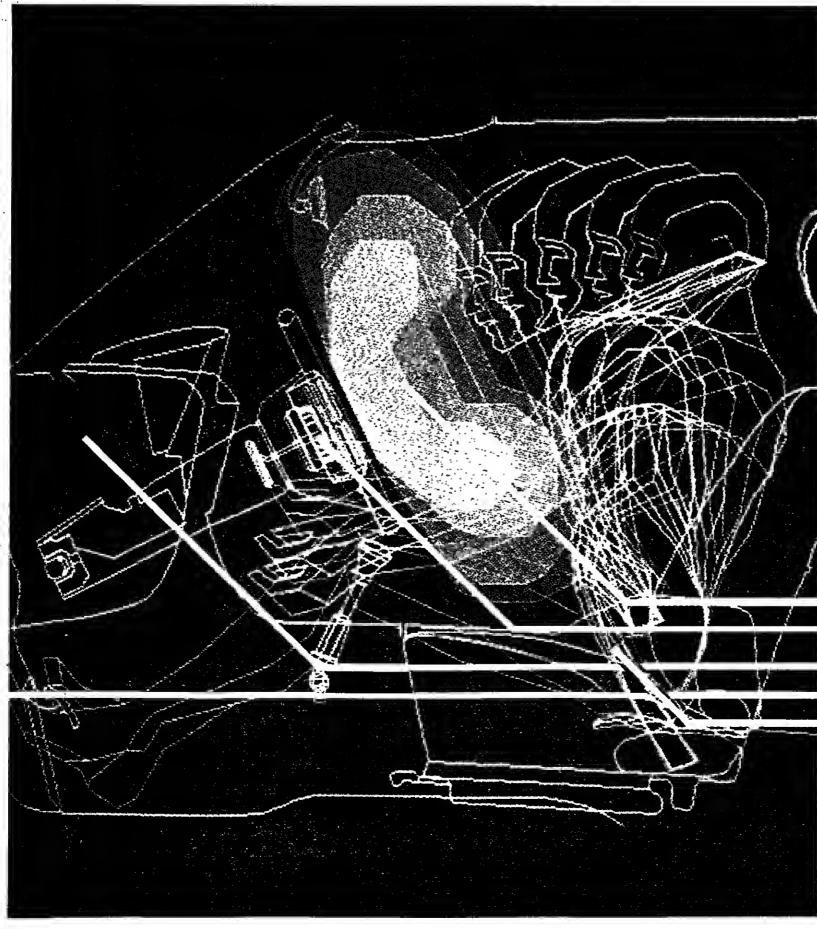
This reliably prevents the danger of the driver coming into contact with the steering

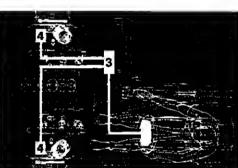
Apsrt from the actual physical noise, ths whole process happens so fast that it's virtually imperceptible. And as the bsg automstically deflates Immediately efterwerds, there's no loss In driver vision.

The highly developed sensor technology of the BMW Airbag ensures double the safety.

More than anything else, the inbuilt reliability of the Airbag system stems from ultrasophisticated but foolproof sensor technology.

It also illustrates just how BMW's in-depth experience with all the various elements that make up this life-saving technology can provide direct benefits for the driver.







And to achieve complete dependability we don't put our faith in just one sensor recognising the critical impact forces: the BMW Airbag system features 3 sensors. As a result, full system working order can always be guaranteed and any risk of malfunction is eliminated. In addition, e special back-up safety circuit takes over if the car's main electrical system fails.

Don't trail behind technological progress In International top-class motoring.
Drive BMW.

Model and equipment availability in the BMW inter-national range may vary from country to country.

1. Airbag inflation time is about 30 milliseconds for the bag's 75 litre capacity.

The Airbag (consisting of housing in steering wheel, padded cover, airbag, gas generator and ignition pellet).

3. Diagnosis unit plus safety sensor (see also tech. Illustration above right).

4. Electronic Impact sensors (left/right) (see also tech. illustration above right).

5. Automatic seat-belt stop system.



**BMW AG, Munich** 

## INTERNATIONAL COMPANIES and FINANCE

Lachlan Drummond on a three-way battle for Australian retail market share

## Coles bid for Myer checks Woolworths

We are pleased to announce that

CITICORPO

CITICORP CAPITAL MARKETS SPA Foro Buonaparte, 16 1 - 20121 Milano - Mi - Tel. (02) 8542.721 - Telex 310227 - CITBKA I

has been incorporated on 28th June 1985

CITICORP GLOBAL INVESTMENT BANKING

ever launched in Australia-accurately reflects what is at stake: an unassailable lead in a retailing market that is already bighly concentrated.

The boldness of Coles' thrust also suggests, bowever, that an early resolution of its bid is less likely than a defen-sive stand-off between the giants of the Australian retailing business. Such a result would represent an acceptable second prize for Coles—pro-vided it could ensure that Myer did not move into a merger with Woolworths, its rival super-market chain.

The defensive overtones of Coles' offer for Myer were clearly stated when the bid was announced last week; Coles is unwilling to be eclipsed by a combination of Myer and Woolworths. These two groups have been talking for some 18 months about possible ways of rationalising or exchanging various parts of their respective businesses. According to Myer, the talks have included the prospect of either company bidding for the other. Woolworths, meanwhile, has confined its comments to agreeing that talks on rationalisation were continuing.

Putting together Woolworths and Myer would create a new lesder for the Australian re-

Last rationalisation

Alterations to trading hours and the introduction of electronic funds transfer at the point of sale (EFT-POS) systems are of sale (EFT-POS) systems are other emerging features of the Australian retail scene which, according to a recent study of the sector by Bain & Co, the Sydney stockbrokers, are likely to benefit the department and chain store groups.

The current three-way manoeuvring promises to be the last round of rationalisation in the industry. Coles, Woolworths, Myer, and the David Jones group already account together

tall scene with total sales for the year to January 31, 1984 of A\$7bn. or 15 per cent of total retail sales. Only in the grocery retailing area do they face any concerted competition.

Coles sales during the same 12 months were only A\$5.8bn although combining Coles with Myer, which would create a group with A\$9bn in sales, would be an even more devastating blow to Woolworths.

The latest turn in the battle

ing blow to Woolworths.

The latest turn in the battle for control of the retail dollar coincides with a recovery in consumer spending after almost four years of decline.

In addition, economic and demographic conditions appear likely to bring a further increase in the relative importance of discount retailing, which bas provided most of the industry's growth over the last decade.

after a 12 month stand-off with David Jones, Waltons Bond, and Woolworths, the other major shareholders.

That takeover was precipitated in 1983 hy Woolworths' bidding for Grace Bros. then withdrawing—a confused step which, however, revealed its ambitions to move further into the bigber margin departmental store area. Woolworths, with 58 per cent of its sales from food, in the fact that made the fact that the control of the retail dollar to the other major shareholders. the bigber margin departmental store area. Woolworths, with 58 per cent of its sales from food, is by far the most dependent on food sales of the big four, although as the Bain research shows, its national share of

shows, its national share of branded grocery sales of 21.2 per cent still trails Coles by 1.6 percentage points.

Woolworths, which is unconnected to the U.S. or British groups of the same name, bas pushed into specialist retailing in electronics and electrical goods as a means of developing goods as a means of developing higher margin growth. It is attacking with renewed vigour the discount department store area and is opening more of its Big "W" chain outlets. This chain currently

sales of some A\$400m, over-shadowed both by the roughly A\$1.3bn of sales from Coles' comparable K mart operation and the A\$600m sales of the

and the A\$600m sales of the Myer group's Target chain.

It is the prospect of joining the Big "W" and Target stores that has occupied most of the talks between Woolworths and Myer in recent months, although in current circumstances the serious prospect remains of the two companies joining forces completely.

Wayward performance For its part, as well as

Target, Myer would contribute the only national department store chain, though it sells little food. Such a combination would marry weakness and strength, although given the wayward profit performance of Myer in

profit performance of Myer in the past five years and the relative under-performance of Woolworths when set against Coles, there are natural doubts about the ability of a Myer-Woolwortha grouping to captulise fully on its advantages.

Coles, though, clearly has fewer doubts. Earlier this year it snared 10 per cent of Woolworths to ensure it a say, should any party seek to gain full control. Now it owns almost 20 per cent of Myer and is bidding for the remainder.

The company, and the investment community, meanwhile

bave few doubts about Coles' ability to win full benefits from

Such confidence is backed up by its record of 20 per cent compound profit growth in the past decade and a doubling of past decade and a doubling of market share to 13 per cent in seven years. Much of that growth has come on the back of its K mart operations, where in 1979 it bought out its U.S. partner—but took it in as a 20 per cent shareholder of Coles Itself—and has since expanded from 40 outlets to 95.

So far Coles bas recevied only So far Coles has received only negative signals from the Myer camp. The family, holding 22 per cent, has rejected the bid as too low while Mr Solomon Lew, a director and supplier to Myer, has bought a further one per cent to take his holding to 13 per cent.

shares owned by the Grace family, with 3 per cent, various superannuation funds, and the Westfield property group (landlord to Myer, Coles and Woolworths, though particularly the former) with 12 per cent, mean the board bas the backing of some 50 per cent of the equity. The board therefore retains the whip band, and control of Myer can change hands only if it so wishes. Its options are extensive and are currently being fully explored.

The market, meanwhile, is keeping the Myer share price above the A\$8 cash offer.



The National Power Company of Iceland

Blanda hydroelectric power project

Our Multisource Export Finance Group served as advisor to Landsvirkium on the financing of the electro-mechanical equipment purchased for this \$120 million project

Morgan Guaranty Trust Company of New York

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / July, 1985

\$500,000,000

International Business Machines Corporation

10%% Debentures Due 2015

Salomon Brothers Inc

Merrili Lynch Capital Markets

**The First Boston Corporation** 

**Deutsche Bank Capital** 

Goldman, Sachs & Co.

Morgan Stanley & Co.

Nomura Securities International, Inc.

Swiss Bank Corporation International

#### Japan's securities houses forecast record profits

BY YOKO SHIBATA IN TOKYO

FINANCIAL liberalisation st of Finance on their nine-month home and ahroad, together with continuing expansion of the Tokyo capital market, underlie forecasts of record profits in the year ending September by Japan's four leading securities bouses.

Slowing commission income from equities business bas been more than offset by that from bond bond market dealings, especially in U.S. Treasury issues, and by the favourable performance of the investment trust sector.

Among the four bouses,

earnings.

The four bouses' combined income from stock exchange

commissions dropped markedly between the first and second quarters of the caledar year, partly reflecting a 9 per cent decline in the volume of share transactions on the Tokyo stock

The figures also indicates that dealings in foreign bonds, primarily U.S. Treasuries, reached anywhere between 30 and 40 per cent of the securities houses total bond transactions

#### ACM gives the go-ahead for Westonia gold mine

AUSTRALIAN Consolidated energy company which also Minerals has given the go-ahead for another small gold mine, the Westonia project situated 280 bas raised its stake in National km east of Perth in Western Australia. The estimated preproduction cost of A\$13m (£6.6m or U.S.\$9.2m) is being funded under a facility arranged by European Banking of London.

The open-pit Marston, Mining Editor
energy company which also operates the Aredor diamond mining concession in Guinea, bas raised its stake in National Oil from 19 per cent to 35.3 per cent and has raised its takeover offer from 70 cents to 80 cents a share, our financial staff writes.

Bridge launched its original offer in each area.

London.

The open-pit property is expected to be in production by next May and ACM estimates that it will produce 183,000 oz of gold in the first four years of operation, working on an average gold recovery grade of 1.13g per tonne of ore.

Ore reserves bave been upgraded to an estimated 2.82m tounes, giving a mine life of some six years. ACM expects to find additional ore in the drill-

We are pleased to announce that

offer in early May for National, an exploration company with onshore permits in Queensland, Victoria and Western Australia. National directors rejected the offer, which valued the whole company at around A\$17.5m, as "grossly inadequate."

In a statement issued yesterday, Bridge said that its offer was no longer subject to the

Among the four bouses, Nomura expects pre-tax income to rise 48 per cent to Y200bn (\$833m) for the year; Daiwa forecasts a 53 per cent increase to Y120bn, Nikko a 51 per cent increase to Y120bn, and Yamaichi a 53 per cent increase to Y100bn. The forecasts are prompted by the securities companies' reports to tal bond transactions in the April-June quarter.

This trend appears to be the results of wider spreads on U.S. overnment bond yields than on domestic bonds—a development which the securities houses a 53 per cent increase to V100bn. The forecasts are prompted by the securities companies' reports to the Ministry—has narrowed spreads.

This trend appears to be the results of wider spreads on U.S. overnment bond yields than on domestic bonds—a development to the securities houses a find additional ore in the drilling of adjacent areas where more than 20 per cent of mineralisation is open.

Notice 48 per cent to Y200bn

This trend appears to be the results of wider spreads on U.S. overnment bond yields than on domestic bonds—a development to the securities houses are prompted by the securities companies are prompted by the securities companies.

#### JAPANESE COMPANY RESULTS

FANUC NUMERICAL CONTROL SYSTEMS	MITSUBISHI METAL COPPER SMELTER	NIPPON LIGHT METAL ALUMINIUM SMELTER	NIPPON SHINPAN CONSUMER FINANCE
Year to Mar '85 Mar '84 Y Y Hevenues (bn)	Y Y   Y   Y     Y     Y     Y   Y   Y	Year to Mar '85 Mar '84 Revenuee	Year to Mer '85 Mar '84 Y Y Revenues (bn)
Year to Mer '85 Mer '84 Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y	Year to Mer '85 Mar '84 Y 310.2 311.5 Net profits (bn) 5.53 3.18 Net par share	NiPPON MINING   Year to   Mar '85   Mer '84   Y   Y   Y   Y   Y   Y   Y   Y   Y	TRADING HOUSE   Year to   Mar '85   Mor '84   Year to   Year to
Yeer to Mer '85 Mar '84 Y Revanues (bn) 199.84 206.49 Nei profits (bn) 5.73 10.98 Nei per ehere 21.92 44.55 CONSOLIOATED			

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005

due 2005
In accordance with the provisions of the Notes, onlice is hereby given that for the Interest Period from 24 July, 1985 to 27 August, 1985, the Notes will carry an interest rate of 83% per annum. The interest payable on the relevant interest payable on the paid only through Cedel SA and Morgan Guaranty Trust Company of New York. Brussels Office, as operator of the Euroclear System, in accordance with the terms of the Temporary Global Note.

24 July, 1985. The Chase Manhattan Bank, N.A. London, Agent Bank.

Robert D. Power has been appointed Managing Director International HAMBRECHT & QUIST New Ynrk San Francisco London Los Angeles Boston Menlo Park



#### The Republic of Italy US \$300,000,000

Floating Rate Notes due 1997 Holders of Notes of the above issue are hereby notified that for the first Interest Sub-Period from 25th July, 1985 to 27th August, 1985 the following will apply:

1. Interest Payment Date: 2. Rate of Interest for Sub-Period:

27th January, 1986 8 % perannum

Bank of America International Limited

U.S. \$100,000,000

**Fortune Federal** Savings and Loan Association (Incorporated under the laws of the United States)

Collateralized Floating Rate Notes Due 1992

Interest Rate

Interest Period

83/8% per annum 24th July 1985

U.S.\$100,000 Note due

24th October 1985 Interest Amount per 24th October 1985 U.S.\$2,140.28

Credit Suisse First Boston Limited

#### INTL: COMPANIES & FINANCE

## Legacy of political interference weighs heavily on ENI recovery

purchase of \$125m.

purchase of \$125m.
Until a year or two ago ENI
was almost permanently at the
ceotre of controversy. But all
that changed when Professor
Franco Reviglio, took over in
March 1983. He bas succeeded march 1983. He has succeeded not only in getting ENI's losses down 16 fold in a year, to only L88bn in 1984 on sales of L45,000bn but had also kept ENI out of political trouble. He had, therefore, done exactly what was expected of him when he took over the chairmanship in March 1983. In the preceding five years ENI

the preceding five years ENI had had six chairmen, its name was sullied by involvement in aeveral major scandals and in the years 1982 and 1983 it lost more than L3,000bn.
Yet several years' hard struggle still lie ahead of the group, which Sig Reviglio likes to call "the eighth big sister"

on the basis of its 500m tonnes of recoverable oil reserves.

It is particularly threatened by competition from Opec countries in both petroleum products and commodity

It has to grapple with an Italian petroleum products market in which bardly any company has made money for

years.

• It is also obliged to wrestle with the consequences of past decisions by politicians who forced ENI to take over bankrupt chemical operations, heavily loss-making tile manufacturers and set up a stock of costly nuclear fuel for power

stations which they largely failed to get built.

But Sig Revigiio, who belongs to the Socialist party and is an economist by profession, is in no doubt how ENI can meet these challenges, ENI's role, he says, "is to be a group of enterprises that operate with the standard of a private com-pany but which must attain certain objectives of a national kind." Those objectives include being the main supplier of energy to a country notoriously lacking in energy resources, and to give high priority to the problems of Italy's balance of

payments.
These objectives make the achievement of high profits in the near future untikely, but the turnround so far has been striking, with losses cut from L1.449bn in 1983 to last year's

ENI, the Italian state energy group, is in bot water. Press and politicians in Italy are blaming it for sending the lira into a spin on Friday by an ill-timed excessive and costly dependence

excessive and costly dependence on long term oil supply contracts, which had caused enormous stock losses in the past, and bought more crude on the spot market.

Second, the chemicals sector, grooped under Enichem, benefited from both an upturn in demand and from hetter management, and cut losses from L704bn to L180bn.

from L704bn to L180bn.
Third, ENI restructured its immense debt of L18,000bn to reduce dependence on the dollar and obtain better borrowing terms. Refinancing of much of the dollar part of the debt produced a reduction last year in foreign exchange losses of L588bn—an improvement not far short of the jump of L834hn in operating profits which totalled L2,798bn.

ENI can be divided into roughly four parts, There is the energy division, grouped around

energy division, grouped around Agip, where sales last year totalled L34,736hn — nearly 77 per cent of the total group turnover. Then there is the chemicals division, centred on Enichem, with sales last year of

Next there is a cluster of strong companies which operate engineering—Saipem, in drilling and pipelaying, Snamprogetti in plant engineering and contracting, and Nnovo Pignone, in turbines and compressors. Saipem was partially privatised last year by floating 20 per cent of its equity on the Milan bourse, some of it to foreign investors.

Finally there are what ENI calls the "sectors in crisis"—mining textile machinery and

textile making.
The energy sector's main task is to meet Italy's energy needs—and for this reason Agip is going against the trend of many major oil companies by stepping up exploration activities. Agip supplies oil and petroleum pro-ducts, and also coal and gas. The latter is one of ENI's major sources of income, since in addition to importing foreign gas supplies it produces gas from Italy's own substantial gas fields, where much of the equipment is amortised and sells it at a price linked to the price of crude. This income is worth about 1.2,000hn a year to ENI in cash

"Yet in meeting Italy's petroleum needs ENI loses money—



Franco Reviglio: At work on a striking turnsound

about L1,000hn last year. At the upstream end of the process ENI uses ageing refining capacity which is easily undercot by cheap products on offer from new refineries in the Arabian peninsula Downstream, the Italian distribution system is riddled with restrictions which prevent almost every oil com-pany from making money.

Sig Reviglio has allowed Agip to import products, and is slowly tackling the politically delicate problem of closing refining capacity. "Our refining capacity is still far higher than our needs, but there is a limit to how far we can cut, and we have to have capacity for atrategic reasons."

Reviglio is likely to face his greatest challenge and where he has spoken of having to make "frightening decisions." It is an area where the need to be the spoken of having to make "trightening decisions." to bolster Italy's balance of to bolster Italy's balance of payments assumes top economic priority and where ENI Intends to do nothing less than create a new Italian chemical industry. Enichem consists mainly of the relics of other failed chemical operations which the State was obliged to take on in the early 1980s and 90 per cent of operations are in commodity chemicals—low value-added products which are most vulnerable to competition from

products which are most vul-nerable to competition from Saudi Arabia, like ethylene, PVC and synthetic rubber. Although Enichem's losses declined dramatically in 1984, this was largely because of

external factors and partly to greater efficiency. Value added did, however, rise to 20 per cent compared with 11 per cent in 1981, though Sig Reviglio admits that value added is

admits that value added is declining this year.

In the next five years Enichem plans to make big cuts in the proportion of activities made up by commodity chemicals and to concentrate on high value added products, mainly through joint ventures with multi-national companies. "This requires a real revolution, cultural, economic, financial and tural, economic, financial and human," says Sig Reviglio. "We need different men and different experience. We will be investing about LI,000bn a

year.

Where will the money come from? "We have a strong capacity to generate cash flow which we can invest. The rest will come from our share holder," in other words, the

Government.

"ENI does produce wealth now, but it is burnt up by the sectors in crisis," says Sig Reviglio. Nowhere in the ENI organisation are the losses more glaring than in the textile and mineral sectors. The textile sector, headed by Lanerossi, last year scored losses that amounted to 65 per cent of turnover — Li25bn out of L192hn.

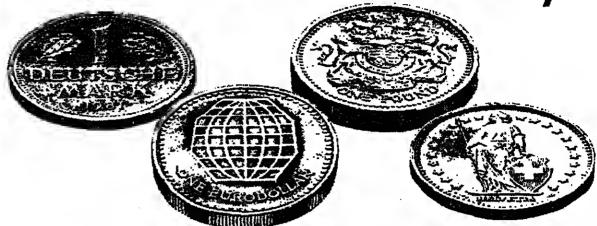
In the mineral aector, headed hy Samim, losses were L356bn on sales of L932bn. In hoth cases losses were substantially worse than in 1983, but Samim did experience a 65 per cent jump in sales, thanks in part to

improved metals prices.

These are probably the worst corners of the ENI empire, sectors which have little logical place in an energy company, but which were forced on ENI by politicians who could not stomach the loss of jobs that any serious rationalisation would require. Under Sig Reviglio a start has at last been made on restructuring Lanerossi, but so deep-seated are the problems that it is reckoned it will take another three to four years to achieve results.

Eventually Sig Reviglio would like to be able to consider selling off these businesses, in the way that IRI has done with some of its peripheral operaan ideological kind on privati-sation, but you can't sell businesses that haven't been

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## Throgmorton Tst. in £115m bid

Throgmorton Trust, the London-based investment trust, yesterday iaunched its second attack over the Scottish border tin just over two years with a fillsm takeover hid for Scottish Northern Investment Trust tings of Aberdeen Scottish to go for the Scottish bid on logistical grounds."

The Scottish company first attracted the attention of would-be hidders when it amounced in May that its investment managers would be joining Sconeartle Accept a facet a Northern Investment Trust (SNIT) of Aberdeen. SNIT made a muted response

to the Throgmorton approach saying it was "considering carefully thie proposed offer and also investigating potential alternatives." It advised its shareholders to take no action.

Throgmorton caused a storm in March 1983 when It launched a successful £52m takeover hid —the first contested hid hetween two investment trusts—for Pentland Investment Trust. Scottish money managers complained that their financial independence was being undermined by financial groups from south of the border.

However, Mr Fred Dalgaroo, investment manager of SNIT, said he did not think his hoard would use that argument if it rejected the Throgmorton

Stanecastle Assets, a fast-growing Edinhurch management group run hy Mr Willie Forsyth. SNIT is the only remaining investment trust to ha managed

from a solicitor's officePaull & Williamsons of Aherdeen.
The Stanacastle announcement prompted approaches to SNIT from a number of financial groups from hoth sides of tha

horder.

Throgmorton said it held amicable discussions with SNIT over the past few days hut the knowledge that saveral approaches had heeo made to SNIT had prompted Throgmorton to ennounce its hid.

Mr Tristan Hillgarth, a director of Throgmorton Investment Management, said he hoped to reach agreement with SNIT on the hid. the hld.
Throgmorton is making a part-



Mr J. A. Yeoman, chairman of Scottish Northern

shares to be calculated by divid-ing 106 per cent of 50 per cent of the SNIT asset value attri-butable to these shares by the Throgmorton asset value. rejected the Throgmorton is making a partapproach.

"That is a card that should only bep layed in particular circumstances," he said. "It is difficult for one investment trust to argue that it has a strategic importance for Scotland. But if there were both English and Scottish hids it might be prefer
Throgmorton is making a partshare, part-cash offer to be priced according to a formula of the SNIT asset value attributable to these shares by the offer goes unconditional.

For every 100 SNIT shares
Throgmorton is making a partshare, part-cash offer to be priced according to a formula of the SNIT asset value attributable to these shares by the offer goes unconditional.

For every 100 SNIT shares
Throgmorton asset value on the eve of the ind announcement the offer would result in a holder of 100 SNIT shares receiving about £81 in cash, including a special in-

terim dividend of 2p for each SNIT share, and 30.5 new Throg-

This would value each SNIT This would value each SNIT ordinary share at about 150p and SNIT's total share capital at £115m. Throgmorton already owns 1.25m SNIT shares, equivalent to 1.6 per ceat of the equity. Throgmorton had net asset value per share of 307.4p at its interim reporting date of May 31, an increase of 38 per cent in the year, and total net assets of £172m. SNIT had net assets at March 31, its year-end, of ahout £127m.

Both companies specialise in investments in smaller companies. Throgmorton had \$4 per cent of its portfolio invested in the UK in November 1984 with a further 14 per cent invested in the U.S. SNIT had 11 per cent of its portfolio in the UK in March 1985 and 20 per cent in the U.S.

Throgmorton said it would take on the SNIT management learn if its bid succeeds and it would open an office in Scotland. In addition, two of SNIT's non-

In addition, two of SNIT's non-executive directors would be invited to join the Throgmorton hoard.
Throgmorton is heing advised by Charterhouse Japhet, the merchant bank.

SNIT's shares rose 3p to 142p while Throgmorton fell 3p to

## Yellowhammer heads for Unlisted market

Yallowhammer, advertising or marketing com-pany to join the USM in the last fortnight, is heing hrought to market hy James Capel, who are placing 2.6m shares at 110p

The hulk of the shares in the placing are heing sold by the company's chairman and manag-ing director. Mr Jon Summerill and the creative director Mr Jeremy Pemberton. The 360,000 new shares will ralse ahout £250,000 after expenses for the company, which at the placing price is valued at £11.4m.

Barclays Bank accounted for

line" activities.
Alongside the agency, Yellow-hammer also runs a studio which does artwork and provides other All per cent of group turnover last year and a further 12 per card. However the company expects this dependence to drop sharply this year and next as the importance of other customers grows. British Telecom, Trust-

Yellowhammer is an advertising agency with e client list including such names as Barclays, British Telecom, Mitsubishi and the Tatler.

The company prides itself on its reputation for creativity.

The ambaye Bark accounted for Barbaye Bark accounted for about significant customers which have in the last year accounted for about significant customers which have is profits. Yellowhammer's turnover and profits have grown rapidly over the last five years despite a hiccorp in 1982. Last year, pre-tax profits were £779,000 and the promotion and other "below the line" activities.

for the year to March 1986 of not less than £1,150,000. That would put the shares on a prospective earnings multiple of 17 after a 42 per cent tax rate. On a forecast dividend of 1.6p, the shares yield 2.1 per cent at the placing price. Dealings start next Monday.

£250,000,000

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Lloyds Bank Plc 

Midland Bank plc

Swiss Bank Corporation International Limited

Nordic Bank PLC . The Royal Bank of Scotland plo

J. Henry Schroder Wagg & Co. Limited

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Co-Managers

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This announcement appears as a matter of record only.

**Enterprise Oil** 

#### **Forshaws** makes cash call for £3.2m

Forshaws Brewery, which last year failed in a £13.4m cash hld for Border Breweries, has launched a £3.24m rights issue to help fund the redevelopment of its hrewery. The family-controlled company is offering two shares for every pains held as \$500.

for every nine held at 360p each. The group's shares were unchanged at 440p on tha stock market yesterday. Forshaws plans to invest the funds first in a naw kegging plant at its hrewery near Warringtan and then to extend the bottling stores. Later it intends to invest in renewing plant in the hrewery Itself, which was founded in

1867. Mr Graeme Dutton-Forshaw, chairman and chief execu-tive, said: "Wa have got a fairly old brewary and wa have got to start renewing tt

Stace Mr Dutten-Forshaw took control in 1983, the group has undertaken a husy programme of reorganisation and renovation, Son. 110m is being spent npgrading the company's public houses and

company's publia houses and hotels.

Last month the company announced pre-tax profits for tha year to the end of March were up from £2.36m to £2.8m on a turnover ahead from £22m to £25.3m.

The Public Forkers wild the company of th

Mr Dutton-Forshaw said that the company was still looking actively for acquisi-

looking actively for acquisi-tions.

The rights Issue has heen underwritten by merchant bank Samnel Montagu. The Dutton-Forshaw, Gilchrist and Almond families who together speak for soma 52 per cent of the equity are not taking up their entitle-ments in full. As a result their stakes are expected to fall to about 45 per cent.

## Guinness gets green light in £290m bid for Bells

Arthur Bell, the Scotch whisky distiller, is not to he referred to the Monopolles and Margers Commission it was announced yesterday by the Department of Trade and Industry.

Tha decision not to refer the

hid comes after Intensive parlia-meotary lohhying by both Guinness and Bell.

Scottish MPs said yesterday that the green light for Guinness marked the and of the "tartan ring fence"—the Government's past tendency to refer takeovers involving Scottish companies to the Monopolies Commission on me Monopoles Commission on grounds of regional policy as well as competition.

Mr Raymond Miquel, chairman of Bell, said that while he was concerved at the Government's decision, his company was confident that it would fight off the bld as it was possible to be a second to the seco

dent that it would fight off the bld as it was not in its interests or that of its shareholders.

Mr Ernast Saunders, chief exacutive of Guinness, azid:

"this clearance recognises the unique credentials of Guinness as a partner for Bells end our ability to contribute to the development of Scotch whisky. It is increasingly recognised by Investors that our offer its a full and fair price." He said there were no credible arguments to justify an increased offer for Bell.

DIVIDENDS ANNOUNCED

Corre Total sponding for at div. year payment payment Oct 14 3.75 Sept 6 1.5 Aug 23 2.2 6.79 AAH Holdings† .....int Alfred Preedy ..... 2.88 Dividends shown pence per share net except where otherwise stated. † On capital increased by rights and/or acquisition issues.

hearted in its lohbying efforts. Mr Gordon Wilson, one of tha two Scottish National Party MPs two Scottish National Party MPs at Westminster, said: "there was no attempt to mobilise the Scottish lohhy as occurred in Hiram Walker's hid for Highland Distitters in 1980 or the hids for the Royal Bank of Scotland in 1981. The Department of Trade and Industry decision opens the door for intercational predators to swallow up even predators to swallow up even more independent Scottish companies."

In the last five years there have heen three Monopolies Commission Reports on take-over hids for Scottish companies which examined the implications and fair price." He said there were no credible arguments to justify an increased offer for pell.

Last week Guinness ennounced that hy the first closing data of its hid, acceptances had been received from the holders of 5.04 per cent of Bell's shares.

Scottish nationalists yesterday accused Bell of being half-

Tehhit, the Secretary of State for Industry, made a Mergers Policy statement lo which he said the issue of competition was paramount in eny referral.

Guinness, in its offer document for Bell, attampted to assuage Scottish nationalist fears by saying that the company would continue to he managed from Ferth if its bid was successful. Mr Saunders has spent a considerable time in Scotisnd since the hid was launched, and has given assurances ebout job security at hid was launched, and has given assurances about job security at the company, which amploys nearly 2,000 people in its whisky, glass, transport end hotels activities. Mr Miquel, however, has warned of the adverse effect on employment should Guinness be successful in the bid.

Guinness is offering nine of its shares for every 10 of Bell's, with a cash alternative of 225p. The Guinness share price closed last night down op at 244p, valuing Bell at 219.5p. Bell closed up 10p at 245p.

## **Rowland Gaunt profits doubled**

WITH BOTH the retailing and manufacturing sides of the group developing well, Rewland Gannt has doubled 'its pre-tax profits in the six months to April 30 1985, from £30,000 to £60,000, although the comparable figure does not include any results of the parent company.

This Leeds-based clothing manufacturer and wholessler reversed into two garmept makers. Beau Brummal and Wisebouse, last August, and after having its listing suspended in April 1984 began trading on the USM last September.

The number of concessions operated by Wisebouse within major high street multiples has since doubled, and as a result it has increased both sales and profits.

half trading are most encourag-ing. There has been a further amphasis: within the group towards retailing and distribu-tion of boys' and young men's casual wear.

year, largely due to the signi-ficant increase in trouser pro-duction.

As a result of these develop-ments, profits in the period were ahead of forecast. The board anticipates a further increase

In view of the first half results and the sales trend in the second half so far, they are confident that profits for the year to end-October will he well ahead of the £228,000 last year. The board intends to recommend a final dividend. mend a finai dividand, In late may the group acquired Henry Barrie, a Manchester-based schoolwear retail business which in turn owns the minority interest in Barrie

As a result of these developments, profits in the period were ahead of forecast. The board anticipates a further increase in the second half when sales profits are customarily higher for seasonal reasons.

The group has developed its computerised accounting controls end extended warehouse capacity in Leads, which should generate increased profits. After minorities adding £6,000 (£4,000) and a tax charge of £25,000 (nll), retained profits emerged higher at £41,000 against £34,000.

has increased both sales and profits.

Schoolwear.

Beau Brummel's sales have ehare are lower et 1.44p (2.15p).

Turnover amounted to £3.38m shown an increase of more than calculated on 2.844m (1.58m) against £2.6m, and the directors 20 per cent compared to last outstanding shares.

#### Mills and Allen buys U.S. market researcher

BY DAYID GOODHART

Nahscan, which, according to Mills and Allen is hreaking even, collects national supermarket sales data from checkout scanocrs in a national part of 900 supermarkets which pick up product hrand information from the bar codes on the products.

These hear going through a week and compares with 115

scanning information in the U.S.

The deal, through its U.S.
market research subsidiary, Mediamark Research Inc, was described as a modest investment by Mr Cilve Hollick, managing director. The price is understood to have been less than \$5m (£3.55m).

Nahscan, which

It has been going through e week, and compares with 112 development stage for the past per cent a year ago. The honds five years. Mills and Allen are issued at par and are redeembelleves it is in a position to ehle on July 30th 1986.

#### Chrysalis? debut better than expected

Dealings in Chrysalis Group, THE FINANCIAL services improve its share of the 250m group, Mills and Allen Interdollar market research sector, the record company that has national, has acquired Nahscan At present Nahscan holds less come to market via a merger with MAM, yesterday got off to slightly better than expected start with the shares opening at 170p, a 30p discount to the 200p offer price. They traded steadily throughout the day to close at

The offer had met with a very poor reception in the City, and nearly 95 per cent of the 4.3m shares were left with the underwriters. The price was fixed more than a month ago, since when the leisure sector has fallen by about 11 per cent, and the market had heen expecting the shares to start trading at about shares to start trading at about 160p-165p.

One jobber described dealings yesterday as "very encouraging" and said "we had no problems in placing the stock."



## YELLOWHAMMER PI

(Incorporated in England No. 1395446) PLACING BY

JAMES CAPEL & CO. of 2,580,000 Ordinary Shares of 5p each

at 110p per share

SHARE CAPITAL

Authorised

£650,000

Issued and now being issued fully paid £518,000

Yellowhammer plc is a holding company which, through its subsidiaries, is engaged in the advertising and marketing services industry.

Its main subsidiary, The Yellowhammer Advertising Company Limited, plans, conceives and executes TV and press advertising together with other promotional material for a wide range of clients.

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of the company to be admitted to the Unlisted Securities Market. A proportion of the shares being placed is available to the public through the marker. It is emphasised that no application has been made for these securities to be admitted to listing.

Particulars of the company are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 7 August 1985 from:-

James Capel & Co., Winchester House. 100 Old Broad Street, Landon EC2N 1BQ.

24 July 1985.

46 Wigmore Street, London WIH 9DE

Yellowhammer plc,

CITICORP INVESTMENT BANK Agent and Tender Panel Agent CITIBANC

S.G. Warburg & Co. Ltd. Wardley London Limited

Engineering Bank

June 20, :1985

AMNGUNCED

Christie

distant he than cap

## AAH up despite miners' strike

STRONG performances by solid fuel, pharmaceutical supplies and road haulage enabled AAH Holdings to meet its profits forecast for 1984-85 and lift its dividend for the sixteeoth successive year.

Although the miners' strike affected both the solid fuel end builders' merchants activities group pre-tax profits for the 12 months, to March 31, improved months, to March 31, improved from £10.47m to £11.25m, an increase of 7.4 per cent.

In March, at the time of the £15m sequisition of Vestric, the Runcorn based pharmaceutical wholesaler, the directors forecast that professional and the second sec

that profits would be not less than film. Market analysis were also looking for profits at about that level.

As promised, sharebolders are to receive s 10 per cent lift in their total dividend to 6.7941p, the final being 4.1261p net per

the final being 4.1261p net per 250 share. No account of the results of Vestric were included in AAH's yesr-end figures. However, the company's performance has more than matched the forecast made at the time of purchase and despite the highly competitive nature of the industry, all of the group's pharmaceutical husinesses have made an excellent start to the current yesr.

Mr Bill Pybus, the chairman, says the 1984-85 year saw a major step in the group's diversification programme through the sequisition of Vestric. Including Vestric. AAH is now the biggest wholesale pharmaceutical distributor in the UK.

Group turnover for the year under review edged ahead from £501.6m to £521.1m. Tradlog profits improved to £12.96m (£12.49m) and broke down by divisioo as to fuel distribution—solid fuel £6.68m (£6.22m) and oii £0.83m (£0.39m)—builders' supplies £1.36m (£2.42m). pharmaceutical supplies £2.01m (£0.75m), road haulage £1.09m (£0.75m), environmeotal services £0.91m (£0.95m) and engineering and miscellaneous £76,000 (£10,000).

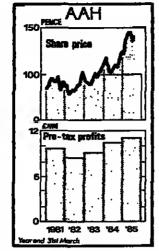
Foel distributioo accounted

Foel distribution accounted for 51.5 (49.8) per cent of group trading profits and pharmaceutical supplies for 15.5 (10) per

the miners' strike affected trading in solid fuels throughout the year, although limited supplies of coal from the NCB Midlands collieries, together with imported fuels, belped to maintain a service to the majority of customers. Although sales were down by around 6.5 per cent this was mainly due to the non-availability of supplies for the export market.

Mr Pybus says the resurgence of domestic demand in the final quarter, bowever, aided by much colder weather. enabled the luland solid fuel division to finish very strongly and belp lift the division's overall trading profits by 7.4 per cent.

Builders' merchanting was buoyant in the early part of the year but suffered when VAT became chargeable on building



1984/5

20%

quarter of 1985-86 has been encouraging and the chaliman is confident that future reports will demonstrate the succ

comment

AAH Holdings suffered far less from the mitoers' strike than either the comoany or the City had expected. The company was able to make good shortfalls in NCB coal supplies by turning to imports to take advantage of the winter's late cold spell. Road haulage profits meanwhile were buoyed by moving coal to the power stations, winning contracts at the expense of Britisb Rail which the group bas been able to retain after the eod of the strike. Only the builders' Rail which the group bas been able to retain after the eod of the strike. Only the builders' supplies business, where the NCB is a major customer. Suffered badly from the strike, making a loss in the fourth quarter. For the current year, however, the market's main interest is in the newly-expanded marginally better but the miners' a strike directly affected trading in the Northern region and South wales.

Mr Pybus says the transport companies overall produced outstanding results and the pharma; ceutical division met the challenge of unremitting price competition in the wholesale market and produced substantially better results overall.

Group trading in the first

#### Reed Intl. profits up after first quarter

TRADING PROFITS of Reed International for the first three months to June were in line with budgets and ahead of the results for the equivalent period last year. Sir Alex Jarratt, the chairman, told the annual meeting. These results reflected a good

recovery in UK paper-making and bad been achieved in spite of difficult tradiog conditions to the UK advertising market, which bad affected the group's consumer msgazines.

Sir Alex said it was far too early to make any predictions of the outcome for the current year. For the year ended March 31 1885 the group made record pretax profits of £107.5m (£98.4m) oo turnover of £2.12bn (£2.04bn). The chairman reaffirmed that following the actions taken by the group, there were unlikely to be any problem areas require iog major provisioo in the current year—a recurrent theme of the past. Also, Reed's financial situation was such ss to give it ample elbow room to develop further both organically and by a conjuicities. and by acquisition.

Sir Alex will be retiring from the company at the end of this month and he is to be succeeded by Mr Leslle Carpenter.

## **Hampton Trust** expands rapidly and profits soar

FOLLOWING a year of rapid growth, mainly by acquisition, Hampton Trost saw income grow by 24 times and pre-tax profits almost six times larger.

Gross trading tocome, for the year to the end of March 1985, rose from £447,000 to £1.16m with pre-tax profit up from £119,000 to £677,000.

The comaany more than doubled its property investments from £7m at the beginning of the year to £17m at the year end. Of this growth £7.5m was by acquisitions and £2.5m by revaluations. The net asset value for the whole company grew by 73 per ceot to 35.8p (20.7p).

73 per ceot to 35.8p (20.7p).

Jo December last year the Australian mining interests were restructured through the flotation of Mount Martin Gold Mines, in which Hampton bolds a 50.6 per cent loterest. The results include Australian rental and mining income to the date of the flotation and afterwards lncome was consolidated in the group accounts.

Second tier Weak

100%

an increase is expected in royal ties in the present year. During the year the investment was increased to oil and gas wells in the U.S. through the participation in the drilling of 16 wells. The cost of three dry wella was written off to the year.

The remaining wells were completed, but only made a contribution in the fatter part of the year. The company has a total of 19 wells in production.

Profits on trading activities was £901,000 (£270,000) and the pre-tax figure was struck after taking Into account other income of £786,000 t£128,000) which was mainly profit from the sale of fixed assets and lovestments and interest received of £55,000.

In the present year Hampion has expanded its property portfolio by a further £1.7m. About 64 per cent of the company's interests are in shops, 14 per cent in offices and 22 per cent in industrial/commercial. industrial/commercial.

group accounts.

The mining income included rental income will be £1.68m a royslties of £12.000 (£24,000) year. That is expected to rise on from the Mount Martin mine. a continuous basis throughout Since April a new treatment the next five years to £2.35m on plant has been in operation and present values.

#### Crescent Japan raises net assets

Crescent Japan Investment Trust raised ner asset value 10 151p per 50p share as at June 30, 1985, against 143.2p a year earlier.

earlier.

Earnings per share for the half year period however, showed a fall from 0.42p to 0.31p. Pre-tax profits were down from £261,000 to £175,000, subject to tax of £70,000 (£121,000).

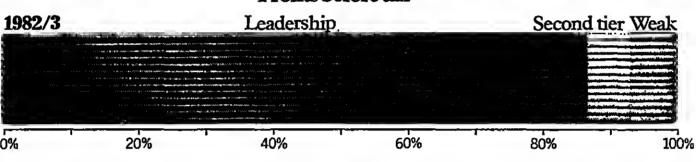
Investment income to(alled £307,000 (£362,000) and tnieresi receivable added £47,000 (£71,000) Administration ex-

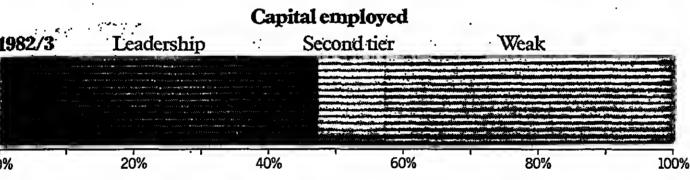
#### New Tokyo

New Tokyo Investment Trust's net asset value was ahead at 201p at the end of June 1985, against '92.1p before. Adjusted for the exercise in fill of rights altached to warrants, the value was 196.6p (180.8p).

Earnings per 50p share for the six months were stated at 0.77p (0.44p). Pre-tax profits increased from £122,000 to £253,000, before tax nf £104,000 (£51,000). Investment income more than doubled to £387,000 (£51,000). Investment income more than doubled to £387,000 (£190,000).

# rvice history Profits before tax





Leadership

40%

s the bars graphically illustrate, two years ago over 40% of BET's capital was invested in companies with weak market positions generating less than 10% of our profits. This compared with 87% of profits produced by those companies with market leadership which used less than 50% of shareholders'

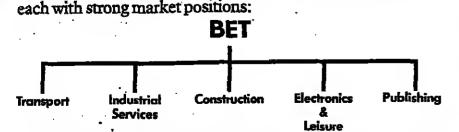
The key to establishing and maintaining good margins, we believed, was to achieve a greater market share in our chosen sectors. The fact that we have done so with remarkable success can be seen from the third bar, showing 75% of our capital now employed in companies with market leadership. And it's from this position that profits have started growing.

We set about achieving this stronger company profile with a carefully planned three-stage strategy:

We sold interests that didn't fit in, or had weak market share and poor growth potential. We sold our North Sea oil interests, general investments and other companies not in our main market areas. So we sold Rediffusion's TV and VCR rental business due to its continuing decline in favour of TV and VCR purchase. And we sold Canadian Motorways which, in common with a number of smaller companies, had weak market share and low growth potential: altogether we sold 13 operations for a total of £236 million in the two years up to March 1985.

We reorganised all the companies into five clearly defined sectors. Ownership and management structures have been

successfully rationalised into the following business sectors,

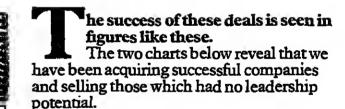


 We have also bought out minority holdings in primary companies so that they are now wholly owned by us, and have created a more even balance of profits.

60%

We spent £390 million on acquiring 15 companies give us a more even geographical as well as business split. Many of the acquisitions were of small companies but all of them were complementary to our core businesses and

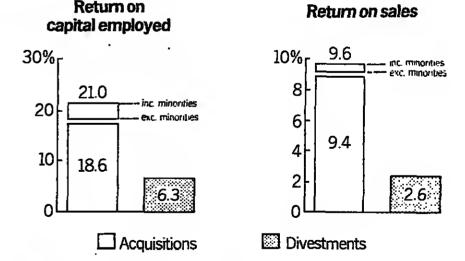
The most recent and important acquisition, Initial, has enabled us to merge it with Advance and so enjoy cost savings while fighting back against alternatives to cabinet towels and creating a really strong competitor in several fast growing cleaning market sectors.



Acquisitions and divestments



increased our market shares and growth prospects.



ow BET is organised for growth. All this should answer the criticisms that led one newspaper to describe our restructuring as "a bewildering array of acquisitions and disposals with no apparent direction." Nothing could be further from the truth.

We haven't only succeeded in buying the right companies at the right price, we've achieved a greater degree of market leadership right across the board. Now we're putting all our efforts into doing what we're best at, and making our money work harder

We are now truly organised for growth and we confidently look forward to improvements where it really matters - in long term earnings growth.

For a copy of our annual report & 1984/85 results, write to Neil Ryder, BET PLC, Stratton House, Piccadilly, London WIX 6AS.



Retail

growth

**Preedy** 

Alfred Freedy & Sons, whole-sale and retail tobacconist, has reported another year of im-provement. Following reduced interim losses, the company raised pre-tax profits for the 12 months to March 30, 1985 to fl.02m — a rise of 18 per cent to the previous year's £862,000.

on the previous year's £862,000.

This performance reflects e substantially increased contribution from the retail division, including the henefits of a successful Christmas, but was not as good as the company had hoped for at the interim stage. This shortfall was due to continuing trading difficulties in the wholesals and printing and school contracting divisions.

Mr S L Preedy, the chalrman,

Mr S. L. Preedy, the chalrman

Mr S. L. Preedy, the chairman, says that as e result of the significant programme of expansion in the retail division this year, borrowings are currently greater than at the same time in 1984. This, combined with exceptionally high interest rates, will result in increased finance charges, ha wards.

However, he enticipates a further improvement in pre-tax profits for the current year as

a whole.
Total sales in 1984-85 were up
12 per cent from £95.71m to
£107.42m.

lifts

(Incorporated is the Republic of South Africa Reg. so. 04/02590/06)

INTERIM REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 1985

Turnover up 14% to RI,081 million Net trading income down 1% to R106 million Earnings per Ordinary share down 6% to 33 cents Interim ordinary dividend of 24 cents a share maintained

The directors announce the unaudited trading results of the Group for the six months ended 30 june 1985 as follows:

1984

Year First half

R mi	illions		R millions
2 017	948	Turnover (1)	1 081
235 78	107 30	Net trading iacome Financing costs (2)	106 40
157 48	——————————————————————————————————————	Taxation	66 111
109	52 3	Investment income (3)	<b>48</b> 5
115	55	Net income Attributable to preference and outside shareholders	53 2
112	54	Attributable to ordinary shareholders	51
72c	35c	Earnings per ordinary share	33c

- (1) Includes exports of R97 million (1984—R78 million).
  (2) Includes unrealised exchange differences on foreiga borrowings of R8 million (1984—R5 million).
  (3) Share of after tax net income of associated companies and dividends from foreign subsidiaries.
  (4) The results for 1984 have been restated for the change in the basis of valuation of stocks from LIFO to FIFO.

The volume of domestic sales for the first six months was similar m that in the corresponding period in 1984. Although demand from the mining sector has remained comparatively strong and the weak rand has provided a boost for exports, trading in most sectors in which the Group operates has reflected the depressed conditions prevailing in the economy and the sharp reduction in prevailing in the economy and the sharp reduction in consumer demand against the background of interest rates at unprecedented levels. The significant increase in financing costs reflects additional borrowings to finance

financing costs reflects additional borrowings to finance capital expenditure, the high domestic interest rates and the need to provide to a greater extent against unrealised exchange differences.

The level of profitability in the second half-year will depend upon a number of factors notably a stable value for the rand, the absence of disruptive labour problems not only at the Group's factories but in the activities of its customers, reasonable rains in the summer rainfall area and no further deterioration in the economy. Latest indications are that subject to these factors, earnings for the year should at least equal those for 1984. On behalf of the Board

G. W. H. RELLY E. J. SMALE Directors

Declaration of ordinary dividend No 102

NOTICE IS HEREBY GIVEN that an Interim dividend of 24 cents per share in respect of the year ending 31 December 1985 has been declared to holders of ordinary shares registered in the books of the Company at the close of business on 30 August 1985.

Cheques in paymeat will be posted from the offices of the transfer secretaries ia Johannesburg on or about 26 September 1985. Changes of address or dividend instructions to apply to this dividend must be received not later than 2 September 1985, in terms of the Income Tax Act, dividends payable to persons not ordinarily resident nor carrying on business and to companies not registered nor carrying on business and to companies not registered nor carrying on business in the Republic of South Africa are subject to deduction of non-resident tax at the rate of 13.7025%. The transfer books and register of members will be closed from 31 August to 13 September 1985, both days Inclusive,

By order of the Board

J. M. DOODS

Secretary

23 but 1985

Transfer secretaries

Consolidated Share Registrars Limited
40 Commissioner Street
Johannesburg

HIII Samuel Registrars Limited
6 Greencoat Place
London SWIP 1PL

Registered office: 16th Floor, Office Tower Carlton Centre

Joint announcement



#### **Liberty Life Association of Africa Limited Liberty Holdings Limited**

TransAtlantic Insurance Holdings Limited

Cash offer by TransAtlantic Insurance Holdings Limited for the ordinary shares of Capital & Countles PLC

TransAtlantic Insurance Holdings Limited ("TransAtlantic") is a 75% owned subsidiary of Liberty Life Association of Africa Limited ("Liberty Life") and is the United Kingdom-based holding company for Liberty Life's International Investments, which include significant interests in Sun Life Assurance Society PLC (26%) and a 34,5% interest in Capital & Countles PLC ("Capital"). & Counties"), which ore important insurance and property companies in the United Kingdom.

On 18 July 1985, TransAtlantic announced in London that it had acquired a controlling interest in Capital & Counties, tollowing a mondatory cash offer, of 225p per share, for the ordinary shares in Capital & Counties which it did not already hold and that acceptances had been received for 34 176 846 ordinary shares (44,5%), which when added to the 26 500 000 ordinary shares (34,5%) already held, increased its holding to 60 676 846 ordinary shares (79%).

Consequently in terms of the requirements of the City Code on Take-overs and Mergers, the offer is now unconditional but has to remain open for a further 14 days until 1 August 1985, when the offer witl close and the final level of acceptances witl become

It is TransAttantic's Intention to maintain the listing of Copital & Counties on The Stock Exchange, London and to ensure, as far as practicable, that there should continue to be an active market

TransAtlantic has enjoyed a long standing relationship with Capital & Counties and its management and has reaffirmed its full commitment to the company and its confidence in its long term tuture. With TransAtlantic holding a controlling interest in Capital & Counties, Liberty Life is firmly of the opinion that the prospects for Capital & Counties will be enhanced by the new relationship in view of the expertise and resources TransAtlantic and Liberty Life will be able to bring to bear to augment the strong management team already in place. It is, however, intended to continue the existing business, policy and operations of the company as before.

TransAttentic has received assurances from the board and senior management of Capital & Counties with regard to their continued commitment to the company. Mr Dennis Marier, currently Managing Director of Capital & Counties, has confirmed that he will assume the Chairmanship of the company following the annual general meeting on 26 July 1985, as previously

Capital & Counties is a leading United Kingdom real estate company with assets of 25 March 1985, of \$327 million (R865 million). It is the recognised leader in the development of regional shopping centres in the United Kingdom and in 1984 received the European Shopping Centre Design Award. Capital & Counties' profits from its real estate operations were opproximately £10 million (R26,5 million) and taxed profits exceeded £7 million (R18,5 million) for the year to 25 March

The acquisition of Capital & Countles by TransAtlantic will, at 31 December 1985, have a significant effect on the balance sheets of Liberty Life and its holding company, Liberty Holdings Limited, which are now expected to reflect consolidated assets, in each case, of the order of R6 billion. The effect on the earnings and net asset value per share of Liberty Life and Liberty Holdings can only be determined once the offer has closed and the full extent of occeptances is known. The transaction will, however, result in a material upliff in the capital and reserves of both Liberty Life and Liberty Holdings. Full details will be communicated to shareholders of Liberty Life and Liberty Holdings in due course.

The board of Liberty Life believes the acquisition of control of Capital & Counties is a major step forward in the development of Liberty Life's real estate interests and international strategies and should be of considerable long-term benefit to the group.

On behalf of the board Denald Gerden Chairman

18 July 1985

## Saxon Petroleum reveals

new UK onshore oil find

BY DOMINIC LAWSON

The find has yet to be tested fully, but oil analysts believe that it could contain recoverable that it could contain recoverable reserves of between 5m and 20m barrels of oil. At the upper end of estimates, the field would be of the same order of magnitude as Carless's Humbly Grove oil field, a few miles to the north east, which is the UK's second largest onshore oilfield. largest onshore oilfield. Saxon Petroleum Corporation

Statement on Milbury as

in respect of which acceptances

PETRANOL has agreed

PETRANOL has agreed to acquire an 87.5 per cent working interest (75.73 per cent net revenus interest) in the Amy Sears unit, which constitutes 1,200 acres of the East Bartlett field, Jones County, Texas. The consideration is \$750,000 (£537,000) cash. Petranol pre-

**BOARD MEETINGS** 

The following compenies have actified detect of board meetings to the Stock Exchange. Such meetings are usuelly held for the purpose of considering divideads. Officiel indications ere not available on to whether the dividends are laterans or finals and the subdivisions ahown below are based meinly on lest year's timetable.

meinly on lest year's timetable,
TODAY
Interims:—Allied Textile, Senco De
Seatander, Soothem Engineers, FlemIng Fledgling Investment Truet, Mount
Cheriotte lavestmeets, Updown Investment, Woodhouse and Rixson,
Finsb:—A and M Hire, Suspak,
Sneway, Dowty, Kenyon Securities,
NMC Investments, Osprey Communications.

Interims:—

Banco di Roma

US\$ 150,000,000

Floating Rate Depositary Receipts due 1992

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 8.225 per cent for period 24th July, 1785 to 27th August, 1785.

Interest payable on 27th August 1985 will amount to US\$77.68 per US\$10,000 Deposit and US\$1,942.01 per US\$250,000

Finale:—
Appleyerd
Clark (Matthew)
Glimmond Stylus
Ewart New Northern
Quest Automation
Smith (David S.)

shares fall

A NEW UK onshore ollfield was revealed yesterday in the listing documents relating to the agreed £185m metget hetween Charterhouse Petroloum and fellow UK oil company Saxon Oil.

The new company, Saxon Petroleum Corporation, says that it is testing an oll discovery at Lomer, about 7 miles south eest of Winchester, Hants. The field was discovered by Carless Capel and Leonard, which operates the licence with a 37.5 pet cant stake.

The find has very to be tested.

Oil analysts said yesterday that shareholders understood tha logic of the merger. But they pointed sibility that someone could come in hefore the end of the three-week offer period and mount a hid for Saxon, which might be more attractive than the merger

terms. So ecceptances are not likely to he immediate. thought to hold a promising oil discovery.

The new company says that it expects to participate in 53 UK apploration and apptaisal wells this yeat. It has interests in 71 UK offshote hlocks, a greater number than any UK independent oil company except Britoil.

The listing documents state that Saxon Petroleum Corp has proved and prohabla reserves of 73.6m barrels of oil and 139 hn cu ft of gas. The group will says that it discovery.

Saxon toveals greatly imptoved profits for the year to June 30 1985 in the listing documents. The company made an operating profit of £2.7m (£1.87m) on turnover of £3.5m (£4.4m). The company made an operating profit of £2.7m (£1.87m) on turnover of £3.5m (£4.4m). The company made an operating profit of £2.7m (£4.87m) on turnover of £3.5m (£4.4m). The company made an operating profit of £2.7m (£4.87m) on turnover of £3.5m (£4.4m). The company made an operating profit of £2.7m (£4.87m) on turnover of £3.5m (£4.4m). The listing documents. The company made an operating profit of £2.7m (£4.8m) turnover of £3.5m (£4.8m). The increase in turnover share of 13.62p (£9.95p). The increase in turnover and profits for the year to June 30 1985 in the listing documents. The company made an operating profit of £2.7m (£1.87m) on turnover of £3.5m (£1.87m) on turno Saxon toveals greatly improved

take 10 pet cent of Dunlop Tire.
The contract will be accompanied by an option to huy more
shares in Dunlop Tire, he added.
Sumitomo hopes to strengthen
collaboration agreements with
Dunlop over matters such as the
number of tyres supplied to
Dunlop hy Sumitomo.
Sumitomo hopeth most of Dun-

Sumitomo bought most of Duc-

## Sumitomo seeks 10% stake in Dunlop Tire

SHARES in Milbury, the house agement huy-out.

Dunlop has hean part of BTR, the British industrial conglomerate, since the success of its £101m takeover in March, BTR said yesterday that it expects the huy-out to be completed later this week.

SHARES in Milbury, the house-huilding and property group controlled hy Mr Jim Raper, fell again yesterday to close at 42p, 8p down on the day, capitalising the group at about £5m.

In response to the falling share price—which hit a high for the year of 92p just two weeks ago—and the persistent rumours of cash flow problems and house sale difficulties, Mr Raper's St Piran group yesterday stated that "if it disposes of its shareholding notification will be given."

The full statement from St Piran reads: "St Piran and e wholly-owned subsidiary which together hold 78.7 pet cent of the issued share capital of Milbury confirms that if it disposes of its shareholding notification will be given. In the meantime the holding is still being retained."

COMPANY NEWS IN BRIEF viously controlled acreage in and around this field, and has been negotiatting to acquire the remaining interests sincs early 1984.

BIO-ISOLATES (Holdings) rights issue of 2.82m new ordinary shares was taken up as to 1.11m with applications for 352,401 excess shares. In total these represent 51.8 per cent of the shares provisionally allotted, by the shares were allotted in

these represent 51.8 per cent of the shares provisionally allotted. Excess shares were allotted in full. New investors, Le Sueur Cheese Company and St Peter Creamer, have subscribed for a total L52m shares and as a result of the rights and the allotment; 2.96m shares have been issued with the issued capital now comprising 11.44m shares. The new investors, together with their principle shareholders, are interested in 1.72m ordinaries, equal to 15 per cent.

TALBEX'S offer for York-green Investments is unconditional in all respects. New Talbex ordinary shares have been issued and allotted in respect of ances complete in all respects of acceptances complete in all

acceptances complete in all respects received by the first closing date. At July 22 the aggregate of Yorkgreen ordinary a wholly owned subsidiary of McCorquodale, has acquired an 80 per cent stake in Signify, a had been received, or which were acquired by Talbex prior to tha company set up specially to develop, market and manufac-ture dynamic signature verificaoffer, was 8.45m (76.1 per cent).

tion products.

# Mr Tetsuro Kawakami, president of Sumitomo Electric Industries, Sumitomo Ruhber's partparent company, said in Osaka that Sumitoo Ruhber would shortly conclude a contract to take 10 pet cent of Dunlop Tire.

Sumitomo Ruhber Industries, the Japanese tyre group, plans to take a stake of at least 10 per cent in Dunlop Tire and Rubbet Corpotation, the U.S. subsidiary of Dunlop Holdings which is finalising plans for a £140m mag-

Dunlop Tire's management, headed by Mr Randali Clark, chief executive, and an investment consortium led hy First Bostoo Inc is to pay \$118m for the company and pay off loans totalling ahout \$60m.

# 12 per cent from £95.71m to £107.42m. The closure of unprofitable stores continued and the related costs are reflected in exceptional charges of £91,000 (£268,000). Borrowing costs for the year were down from £569,000 to £507,000 despite higher average interest rates during the period. After tax of £220,000 (£136,000) and extraordinary charges of £45,000 (£314,000), the net available profit came out ahead from £412,000 to £752,000. Stated earnings per 25p share were £78p (£.01p) and the final dividend is 2.875p net for an increased total of 3.875p (3.5p) per share, costing £352,000 (£317,000). lop's European tyremaking opera-tions in an £82m deal first announced in September 1983.

Years ended 31st March	1985	198
Turnover	£27,888,000	£23,312,00
Profits before tax	£3,872,000	£3,307,000
Earnings per share	14.7p	13.4
Dividends per share	3.25p	2.7
<del></del>	n issue of 1 for	

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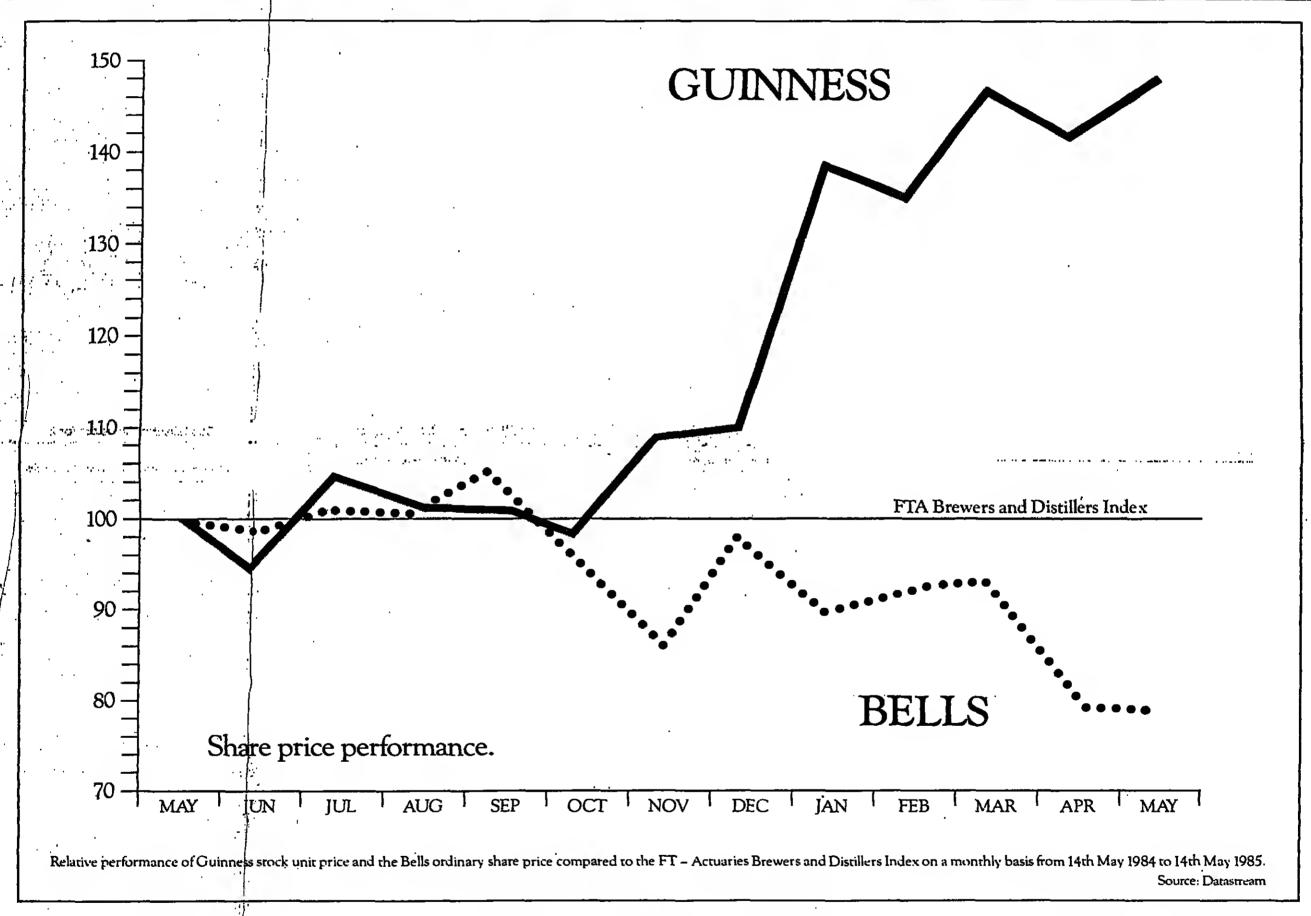
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LADBROKE INDEX 923-927 (+2) Based on FT Index

# WHO HAS THE BETTER SENSE OF DIRECTION?



Since 1980 Bells' share of the UK Scotch Whisky market has declined by 20%.

n Allo

Overseas, Bells has also failed to achieve its promised inroads into the crucial US market.

By contrast, the Guinness Group has not only revitalised its core brewing business and established a second major profit source, Retailing, it has also developed a strategy of "Growth for Tomorrow" by investment in Healthcare and Publishing.

Bells predicament and Guinness revitalisation have both been recognised by the

Stock Market as the graph, for May 1984 to May 1985, so vividly demonstrates.

Guinness' record justifies the claim that it can steer Bells in the right direction. The market confidence in the considerable abilities of the Guinness management team should further enhance Bells' shareholders' confidence.

On 14th May 1985, before rumours of the Guinness bid, Bells' shares languished at 143p.

Bells' shareholders are not only being offered a substantial premium over this

price, they are being offered shares in an exciting, enlarged Guinness Group.

The growth prospects of this Group can only lead Bells' shareholders in one direction.

Towards accepting the very full offers made by Guinness, before 3.00 p.m. tomorrow.

## **GUINNESS PLC**

DRAUGHT AND BOTTLED GUINNESS, HARP KALIBER, DRUMMONDS, MARTIN THE NEWSAGENT, LAVELLS, TELEVEN STORES, CHAMPNEYS AND STOBO CASTLE HEALTH RESORTS, NATURE'S BEST VITAMINS, GUINNESS PUBLISHING,

Bells has lost its way. Guinness is good for Bells.

All of these securities having been placed, this ennouncement appears for purposes of record only.

#### INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

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Bank Mees & Hope NV

Delbrück & Co.

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Daiwa Europe Limited

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Douteche Back Capita



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Floating Rate Notes Due 2005 Unconditionally guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8-36875% for the Interest Determination Period 24th July, 1985 to 27th August, 1985. Interest accrued for this Determination Period and payable in November 1985 will amount to U.S.\$79-04 per U.S.\$10,000 Note and U.S.\$1,975-95 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York NOTICE TO HOLDERS

IPF (ILLINOIS POWER FINANCE) COMPANY N.V. 14M% GUARANTEED DEBENTURES DUE 1989 1244% GUARANTEED DEBENTURES DUE 1992

Unconditionally guaranteed as to payment of principal and interest by

Copies of the audited financial statements of IPF (Illinois Power Finance) Company N.V. for 1984 and copies of the annual report for 1984 of Illinois Power Gompany are available upon request to the holders of the 141/1% Guaranteed Debentures Due 1989 and 121/1% Guaranteed Debentures Due 1992, and to other interested parties. Please direct requests to the Secretary of Illinois Power Company.

> Illinois Power Company 500 South 27th Street Decatur, Illinois 62525, United States





#### The Kingdom of Belgium

Floating Rate Notes Due May 2005

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 81/4% for the Interest Determination Period 24th July, 1985 to 27th August, 1985. Interest accrued for this Determination Period and payable on 27th August, 1985 will amount to U.S. \$1,947.92 per U.S.\$250,000 Nate.

Agent Bank: Morgan Guaranty Trust Company of New York

ILLINOIS POWER COMPANY

## Kingdom of Spain

Floating Flate Notes Due 2005 Holders of Notes of the above issue are hereby notified that for the fifth Interest Sub-period from 24th July, 1985 to 27th August, 1985 the following will apply: interest Payment Date:

2. Rate of Interest 3. Interest Amount payable

per US\$ 10,000 nominal US\$ 1,977.43

4. Accumulated interest Amount payabla:

per US\$ 250,000 nominal

20th September, 1985 8%% рег аллит

per US\$ 250,000 nominal US\$ 387.59

Next Interest Sub-period will be from 27th August, 1985 in 20th September, 1985.

for Sub-period;

per US\$ 10,000 nominal US\$ 9,689.67

## U.S. \$375,000,000

Bank of America International Limited

## RESOURCES REVIEW

## BP's challenge for the No 3 slot By Ian Hargreaves BIG OIL ADJUSTS

Sir Peter Walters, chairman of BP.

and a numbers man, his explan-etion of wby he shuns corporate

ecquisitions is revealing. The ettendant medie and stock mar-

rether than the reverse.

WHEN the FT last interviewed Sir Peter Walters, chairman of British Petroleum, a yeer ago, the conversation led to a piece which was beadlined: "Now which was beadlined: BP waits and wonders."

The interview had turned The interview had turned upon Sir Peter's own proposition, made shortly after taking office in November 1981, that he would require five years to sort out BP's problem areas and five more to shape the new BP. He admitted then that only time would tell whether BP had "an offensive as well as a defensive coach."

To most observers, the question remains unanswered. In the last year, BP hes attracted ettention more for whet it has not done than for its actual achievements. With £2.6bn in hand, the company bas been the subject of constant stock market rumour about prospec-tive ecquisitions. Names mentive ecquisitions. Names mentioned have ranged from Mid-land Bank to Northern Foods is thus somewhat self-contradictory. Essentially an economist

Sir Peter, however, insists that for the last year he has indeed been on the offensive.

Moreover, he has a piece of

peper to prove it.
This document, four sheets of A4, reminds the reeder of BP's tive processes." record 1984 profits and then On the other lists BP's main actions since the defensive coach interview. It is an interesting list, too long to reproduce in full, but here is e sample, summarising over balf the items:

 Oil discoveries in which BP has e share heve occurred in Indonesia. France and offshore Norway. A useful gas discovery was also made offshore Ireland.

BP paid £5.5m for Voyager Patroleum, a small UK onshore

oll company.

B2 announced closure of most of its Llandercy refinery and similar cutbacks in Germany. In Australia, however, the group is rationalising in a different way—having bought out Amoco Australia, it is now swapping some of its eastern

swapping some of its eastern distribution and marketing husiness for Mobil's interests in Western Australia.

Chemicals: BP paid about £35m for two speciality chemicals companies, one a UK coatings business; the other, in electric cables, is e first venture into U.S. manufacturing.

Minerals: BP sold e diamond interest in Sierra Leone, sbook up its Australian mining assoup its Australian mining asso-ciate Seltrust and gave a conditional go-ahead for the large Olympic Dam copper-gold-

iia.
Scicon, BP's computer services company, paid \$6m for 80 per cent of Telecom General,

munications company.

Sohio. BP's stake in the U.S. oil company rose from 53 to 55 per cent when the company declined to tender its sbares in e Sohio buy-back offer.

Liting all the company of the comp

there, but no gobbling.
"This list is an offensive list," "This list is an offensive list,"
says Sir Peter. Five more years
of similar progress, be argues,
and BP will be where he wants
ix to be strategically: more
necessary to unify our shareprofitable and firmly but gently pointed towards some new direc-

and gas business. So were the rumour-mongers on to a completely false trail?

"I did say to our corporate planners a year or more ago, 'let's have a look at this consumer area.' It wasn't that we were targeting companies. We were targeting companies. We ware looking it the areas "says laborations." were targeting companies. We were looking at the areas," says Sir Peter. "I thought if BP is good at the things it is good et, there's no reason why we should

not be in the top leagua in consumer products." conclusion from the review, now complete, is as follows: "We decided it is

That clearly rules out such to a first licensing round prosectors as financial services, but Sir Peter insists that BP will find ways of moving into more marketing-intensive activities. Acquisitions, he says, will be "step-outs from our existing operations and knowledge base." In North America, BP is concentrating its efforts in a operations and knowledge base." Reduced Alaskan campaign and offsbore California. It has interest rates make BP's cash pile, now managed hy e new profit centre, BP Finance International, a rewarding asset.

Sir Peter cles Scicon's invest—company, BP is an interestingly

Sir Feter cites Scicon's invest-ment in Telecom General as action by a BP subsidiery based upon its knowledge of e highly specialised market. Asked whether BP is merely inviting bumiliation by the likes of IBM and AY and The replies that be asked the question end received satisfactory assurances. His criteria for ventures of this type, he says, are that they must be capable of generating £100m 1 year in operating profits in the 1990s. Anything less is

ecquisitions is revealing. The ettendant medie and stock market drama, he says, "blunts one's own detached considerative processes."

On the other hand, be enjoys nothing better than to talk ebout the latest bright idea to emerge from BP's research labs—spending on R and D has more than doubled inside four years.

BP, he says, should work "like an inverted funnel," with a concentrated stream of ideas pouring through the system

years.

If the exploration effort does the exploration effort does the capture of the necessary additions to reserves—BP'a oil reserves have declined by 18 per cent since 1980—the company will come under pressure to huy reserves as well as exploration prospects. BP bopea the current wave of oil industry restructuring will throw up some hargains.

Downstream, BP this year been company has reduced crude bownstream, BP this year bes continued to clean bouse—the company has reduced crude distillation capacity by 48 per cent in five years. The company now has only one major refinery in each of its large European markets, "You can't get lower than that and stay in the business," says Sir Peter, Even so, continued heavy pouring through the system looking for broad applications, BP, bowever, remains above all an oil and ges company, although not quite in the first rank. "If you are en oil company, you see Shell and Exxon way up there. What we would like to be is the next one after that—the next higgest, best oil group," says Sir Peter.

Even so, continued heavy overcapicity in world refining means the profits are likely to remain thin. And with unleaded the secur does not even have action would carry the stigma investment requirement In terms of current financial performance, BP is certainly in contention for the No 3 slot. Its return on equity, for example, is distinctly worse than either Shell or Exxon, but better than Texaco or Chevron. In terms of financial performance, BP's toughest rival for the position is probably Amoco, whose downstream roots are in the U.S as securely as BP's ere in the

weaker European market. At the moment, Amoco is ebeed by BP also bas another disadvancompetitors—its arm's length relationship with Sohio, which in the last two yeers has con-tributed over half the group's

e Sohio buy-back offer.

It is clear from this list that any move to complete BP's the hallmark of BP in the past the hallmark of BP in the past year bas heen cautious advance, year bas heen cautious advance.

BP, it faces declining oil output the light of the light light light. in the 1990s.

holdings to get most of the henefits of integration. There tions in addition to its core oil are areas we are now exploring and gas business. So were the where we can enjoy profitable

laborations.

BP's main thrust upstream will be to increase its explora-tion budget from £450m to follow in the next five years, which wilt allow it to enter some new developing countries. The company's two higgest offshore efforts in recent years, better to be excellent in a munbetter to be excellent in a mundane market than to be one of
an indistinguishable pack of in China, BP is trying to percompanies in a high growth gogo area."

too lean to interest a major company, BP is an increasingly active player. Today's BP is more a butterfly catcher than

an elephant hunter. approach to oil exploration and production is essentially profit rather than voinme orientated, although the company is bash-ful about discussing its finding to be at the high end of the industry's performance scale. There is also only limited comfort in BP's growing position

PERFORMANCE HIGHLIGHTS FOR FIVE YEARS 1980 1981 1982 1983 1984 Net profit (fm) 1,435 1,018 712 1,031 1,104
Return on equity (%) 263 15.7 8.7 9.5 13.2
Long-term debt (fm) 4,070 5,943 6,536 5,468 7,058
Capital spending (fm) 1,773 3,079 3,664 3,237 3,610
Oil reservest (bn barrels) 7.6 7.4 6.5 6.4 6.4 1 includes BP's mierests in Abu Bhabi

51

with 31m tonnes in 1979. The number, says Sir Peter, can go lower still.

An aggressive deficit refiner. BP expects this year to sell 90m tonnes of oil products against its own worldwide refining capacity of 79m tonnes

On top of thin downstream profits, BP has a number of other weak performers. Last year 92 per cent of opereting

year 92 per cent of operating profits came from exploration and production.

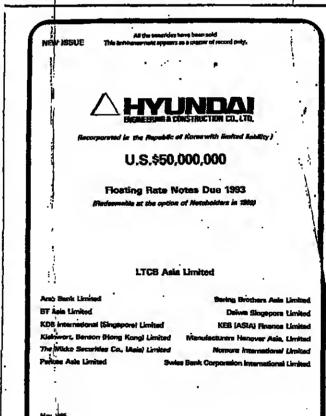
Of the company's 11 business groupings, only four (upstream oil and gas, animal feeds and the timy BP Ventures) enjoyed return on capital in double return on capital in double figures. Four (minerals, coal, shipping, and detergants) hod e zero return or worse. Chemicals in 1984 had its best yeer since in 1884 had its best yeer since Sir Petar took over, but profits were almost extluguished again in the first quarter; a reminder of BP's continued heavy exposure to the European commodity petrochemicels cycle.

The image Sir Peter conveys glutted condition of the tbus somewhat self-contradic European market. Sir Peter ry. Essentially an economist says simply that BP's oil and da numbers man, his explantion of why he shuns corporate fairly stable in the next five It fniiows thet BP still has to demonstrate sustained sure-ness of touch outside its core business. Although undoubtedly more tightly managed than for years ego—as reflected in the bottom line—the group's basic dilemma is to find the right investment focus for the 1990s. BP also needs to ensure that Sohlo, currently taking some belated radical ection to slim its overheads and stem its large copper losses, does likewise. It is interesting that the BP group with annual sales of £38bn, employs 130,000 people, only 20,000 fewer than Shell and Exxon

whose sales are twice as large.
At the moment, the Walters epproach is to remain liquid and to probe into new ereas on and to probe into new ereas on e small scale, hoping that this will throw up worthwhile and manageable opportunities should falling oil prices make further expansion in the oil and gas sector appear imprudent. He admits to temptation, en passant, to follow the vogue for them have hards buy fears the

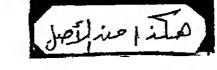
the advintage of a declining investment requirement.

But at leest, following its rationalitetion, BP's downstream has remained in the black, beined by an aggressive sauce and the occasional sortic, if risk-mone trading division and a remorseless whittling to stort, the beaches, which nows appeared on may 23, 24, no 1, 6, 48 and 15 and 2, 23 and 10.



#### BASE LENDING RATES

.B.N./ Bank 12 %	Hill Samuel
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llied Irish Bank 12 %	Hongkong & Shanehal 12 @
merican Express Bk. 12 %	Johnson Matthay Bkrs. 121%
merican Express Bk. 12 of lenry Ansbacher 12 %	Knowaley & Co. Ltd 121%
mro Bank 12 %	Lloyds Bank 12 %
ssociates Cap. Corp 13 %	Edward Manson & Co 12 0
Sanconde Bubao 12 %	Meghrai & Sone Itd 10 0
Sank Happalim 12 %	Lloyds Bank 12 % Edward Manson & Co. 13 % Meghraj & Sons Ltd. 12 % Midland Bank 12 % Morgan Grenfell 12 % Mount-Credit Corp. Ltd 12 % Netional Bk of Kuzzić 12 %
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he Cyprus Popular Bk 12 % tuncan Lawrie	Members of the Assessing House
T Trust 19 6	Committee.



#### FT COMMERCIAL LAW REPORTS

## Disposal of insurance money is breach of Mareva injunction

TDK DISTRIBUTORS (UK)
LTD v VIDEO CHOICE LTD
AND OTHERS
Queen's Bench Division: Mr
Justice Skinner: June 28 1885

RIGHTS UNDER an endowment assurance policy are assets though they may be reduced by assignment of the policy; and a defendant commits a breach of a court order restraining him from disposing of his assets if he disposes of subsequently received assurance moneys, irrespective of whether his rights under the policy existed when the order was made.

Mr Justice Skinner so held Mr Tak's solicitors and was paid by the injunction.

AND OTHERS
Queen's Bench Division: Mr
Justice Skinner: June 28 1885

TDK drew Mr Tak's solicitors' attention to the fact that in affit to surrender the policy for full value.

On that ground alone it was impossible to argue at the time of the Mareva injunction assurance policy which had been an after the policy.

He did not disclose the life shape of their rights, which could not be given away, to redeem the mortgage and release the policy.

He first knew of it on April 2 1885 when be learnt there was a balance of £4.422 due to Mr Tak under the policy of the injunction.

Mr Justice Skinner: June 28 1885

Mr Justice Skinner: June 28 1885

Mr Justice Skinner are endowment assurance will be a negation of the policy: and a defendant commits a breach of a court order restraining him from disposing of his assets if he dispose of subsequently received assurance will be a negation of the purpose of the particular injunction. It would be a negation of the purpose of the particular injunction to cover that sort was in existence at the time of the Mareva injunction. It was impossible to argue that a £10,000 hill to a lawyer can defend an instruction and would be caught by it. Fut at its very lowest, Mr and Mr Tak's solicitors, though the work could not be given away, to refer the policy.

Even if it had heen an after-acquired asset, it would have been caught by it would then have ind the right to suitrent expenses of the attemt of the Mareva injunction and would be caught by it. Fut at its

made.

Mr Justice Skinner so held when giving judgment for the plaintiffs. TDK Distributors (UK) Ltd, on their application against Mr Mohinder Singh Tak for such order as might justify be made on the ground that he was in breach of a Mareva injunction looked to such order as might justify be made on the ground that he was in breach of a Mareva injunction looked to subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors represented him. It was decided that the fixture and dealt with the subject to criminal proceedings in which the solicitors was apply t

contempt of court. If there was interest in his assets within the jurisdiction exceeding £601,500, save that he might spend up to £100 per week on ordinary living expenses.

At the material time Mr Tak and his wife jointly owned a house which was subject to an endowment policy mortgage, assigned to mortgagees associated to mortgage associated to mortgage associated to mortgage associated to either Mr Tak or his wife,

Had the mortgage been redeemed at any time the policy would have reverted to Mr and Mrs Tak. After it had been in existence for two years it could be surrendered for cash.

On June 14 1983 TDK, obtained judgment against Mr Tak for over £600,000. In August 1984

Mrs Tak died.

Contempt of court. If there was an yeigen and policy it was negligent and inadvertent, but a breach in sue an elevant in such circumstances was nevertheless a contempt, particularly if committed by a practising addictor.

Mr Jacob, for Mr Tak and his solicitors, argued that there was no dissipation of assets of the kind contempt, and no contempt, in that the insurance policy was not an asset nor an interest in an asset at any material time.

He said it was an asset or mortgage and paid it was an asset or interest in an asset any interest in an asset which was in existence at the time of the order. It had be united be surrendered for cash.

On June 14 1983 TDK, obtained judgment against Mr Tak for over £600,000. In August 1984

Mrs Tak died.

the solicitors' client account to the solicitors' client account to their office account in part satisfaction of their bill.

December 1982 TDK obtained a Mareva injunction against Mr Tak restraining him from disposing of his assets or any interest in his assets within the jurisdiction exceeding £601,500, save that he might spend up to £100 per week on ordinary living expenses.

At the material time Mr Tak and his wife jointly owned a house which was subject to an endowment policy mortgage,

defend one against a serious criminal charge.

To create an exception from the injunction to cover that sort of expense, application to the court was necessary. Mr Jacob argued that the present motion should he treated virtually as an application for a retrospective variation of the order. That was totally uorealistic and could not he countenanced.

The solicitors ought to have been put on guard and advised

been put on guard and advised their client accordingly in October Mr Tak was responsible for acts advised by his solicitors, but his responsibility was tech-nical. The real responsibility for nical. The real responsibility for his fallure and for anything he did io relation to the proceeds of the insurance policy from October onwards rested on the solicitors.

From the moment they received the money on April 3 they went seriously wrong. With any reasonable care they ought

any reasonable care they ought to have been put on guard by the existence of the order, which receipt of a fairly aubstantial sum of money.

Both Mr Tak and the solicitor who did the work were guilty of contempt. The partners in the to do work which was, or should have been within his com-

The solicitors should pay £4,422 to TDK's solicitor within 14 days.
For TDR: Michoel Burton QC and Neil Block (Pritchard, Englefield and Tobin). For Mr Tak and his solicitors: E. Jacob (Toylor, Tyrrell,

By Rachel Davies

#### F.T. CROSSWORD PUZZLE NO. 5,777

## Managing director for Gestetner

GESTETNER, the UK trading arm of the Gestetner organisation, has appointed Mr Roger
Annett as managing director, He

Mr Malcolm Wallis bas foined Amett as managing director, He joined Gestetner two years ago to bead up GO.A.L., a company formed through an agreement between Compugraphic and Gestetner whereby the latter would distribute phototypsetting systems to inplant markets in the UK and Europe.

Mr David Blythe has been appointed managing director of GEC-XPELAIR, He succeeds Mr Ernie Dawkins, who has become chairman, For the past two years, Mr Blythe has been assistant managing director.

FIRST INERTIA SWITCH has created a new position of Resources director. Mr Geoff Lewis, formerly group manufacturing services manager for the FIS parent company, the First Security Group, takes up the appointment as resources director. Mr Lewis is responsible for tor, Mr Lewis is responsible for all purchasing, stores, industrial and production engineering, plant and buildings, administra-tion and personnel.

CATHAY PACIFIC AIRWAYS
has appointed Mr John Mozey to
the position of manager UK and
Ireland from August 1. He is
currently Cathay Pacific's commercial manager for Europe.

Mr Richard Fallowfield has been appointed chief executive and head of advertising at GRANDFIELD RORK COLLINS FINANCIAL. Mr Anthony Car-dew has been appointed deputy third executive and beed of chief executive and head of public relations.

Mr Stuart Dominie Smyth is appointed an assistant director of G.E. HEATH AND GO. (INTER-NATIONAL).

AMERICAN EXPRESS has appointed Misa Janet Brady to the new position of director public relations UK and Ireland, for travel-related services. She was formerly with Sterling Public

Mr Peter Towle has become chairman of SEGURICOR GRAN-LEY SYSTEMS, a member of Securicor Group. Mr Towle, who is managing director of Securicor is managing director of Securicor
Services and Securicor, takes
over from Mr Peter Smith, the
chairman of the parent group. Mr
Roger Wiggs becomes deputy
chairman. Mr Derek Hardisty
is appointed managing director
of Securicor Granley. He has
managed the group's alarm activitles for several years, Mr Geoff Tate is appointed technical

Mr Norman A. F. St JohnStevas has been appointed a
member of the ROYAL FINE
ART COMMISSION and chairman of the Commission in succesman of the Commission in suc

Mr Malcolm Wallis has joined ST JAMES'S CORPORATE COMMUNICATIONS as an associate director. He has been with Broad Street Advertising for the last two and a half years. JOHN FLEMING AND CO bas

JOHN FLEMING AND CO bas appointed Sir Peter Main as a non-executive director. Sir Peter was chairman of The Boots Co from 1982 until earlier this year. Mr Jeremy A. W. Strachan has been appointed director, legal affairs, for STC. His appointment follows the retirement of Mr Norman R. Riley who was executive director, legal meot of Mr Norman R. Kiley
who was executive director, legal
affairs, and a member of STC's
board. Mr Strachan was appointed STC's group legal
adviser last. November, having
previously been director of ICL
Group legal and patent services.



Mr David Blythe, managing director, GEC-Xpelalr.

Mr Andrew Egerton-Smith has been appointed chief executive of LETCHWORTH GARDEN GITY CORPORATION in succession to Mr John Barrett who has retired.

Mr Tony Price has been appointed managing director of the ILLUSTRATED LONDON NEWS AND SKETCH. He is cur-rently diary publishing director at Newsweek International.

Mr Peter White has been appointed managing director of TURNER INTERNATIONAL (ENGINEERING), Alcester. He was finance director.

Mr J. Fox has been appointed sales director of DESOUTTER BROTHERS (HOLDINGS).

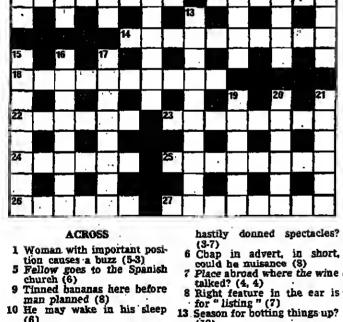
BUCK AND HICKMAN, a member of the P&O Group, has appointed Mr Charles Barreit as regional director for the southeast and export markets. Mr lan Lauriston becomes financial

man of the Commission in succession to Sir Derman Christopherson who will be retiring on October 31.

Mr John Michael Mason is to join the PEERLESS GROUP as financial director from August 5.
Mr Mason has had considerable experience of the engineering industry most recently as a consultant but previously he was group finance director of Redman Heenan International. Mr

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11 Kind of collar that could 15 They hit costs exceptionally

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scholars? (6)

14 Control of country by power could be a job (10)

15 Spanners could produce smiles of anger (10)

22 An earl is done up taking in extremes of travel (6)

23 Put forward for the money.

24 Double-edged implement in charge (6)
25 Merry leader of verse (4, 4)
26 Hard? Let us change to sell aggressively (6)
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1 One of five church fruit (6)
2 Printer's measure for the plant? Of course! (6)
3 Go-between? Sister's firm 4 Something striking like

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16 The pilot takes them over (8)

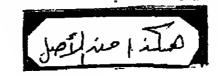
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23 Put forward for the money (6).

Solution to Puzzle No. 5,776

01-246 8026 FT INDEX & BUSINESS NEWS REPORT Hourly updated FT Index Sterling Exchange Rates updated 3 times daily Bullion, krugerrands, platinum Dow Jones Industrial Average Share Market Report

26  Pearl Trust Managers Ltd. (a)(g) TSB Uail Trusts (b) (c) (y) 252 High Holton, WCIV 7EB. 01-405 8441 PG Box 3, Kretis His, Andorer, Harts, SP10 1PG	Financial Times Wed	nesday July 24 1985 Property Growth Asser. Co. Ltd. et -640 0404 Leon Hours, Croydon GR9 1110.
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	Parties Place Pers Pers Accross Pers Pers Accross Pers Pers Accross Pers Pers Accross Pers Pers Pers Pers Pers Pers Pers Pers	A.B.1 Managed 171 20. 375 0. 1240.0073 .	Commodity Pool	For Vashruph Convert Fund see Holbern Fund Management (Jersey) Ltd.  A selection of Options traded is green on the Lordon Stack Exchange Report Page.

4,

Section 1

#### **Shearsons** elected to LME membership

By John Edwards

THE London Metol Exchange yesterday approved the election of Shearson Lehman Brothers, the financial conglomerate that is part of the American Express group, as a ring-dealing member.

The election was achieved through a complicated route. The new ring-dealing member actually unanimously approved by a joint meeting of the LME Board and management committee was Acli Metals, which took over the outstanding took over the outstanding contracts and commitments of the previous member company, Acli Metals (London). At the same time ownership of the new company, Acli Metals, was transferred from DLJ Futures, part of the Donaldson, Lufkin & Jenrette group, to become a fully owned subsidiary of Shearsons. Earlier this month the DLJ group said its com-modity futures interests to the Refco group, with the exception of Acli Metals (London) and Wardley-Acli Commodities. However, negotiotions atarted straight away with Shearsons, who nowadays are one of the most activa traders in the metal

It was thought there might be some opposition to the election of Shearsons as ring-dealing members, since the LME has traditionally been opposed to granting membership to companies, whose main interest is not in metals, especially U.S. commission bouses. A breakthrough was made a few years ago when Maclaine Watson, a ago when Maclaine Watson, a susibdiary of Drexel Burnham and Lambert, was elected as a ring-dealing member after a hard struggle and close vote. Acli and DLJ followed later,

The unanimous election of Shearsons, who is an important customer for many of the LME ring-dealing members, confirms that opinion has changed round the ring. It was evidently thought that Sbearsons had become such an important in-fluence on the exchange through aggressive marketing that it was preferable to bring them into ring-dealing disci-plines rather than try to keep

## London coffee futures tumble to 33-month lows

continuing slide in prices which has taken the International Coffee Organisation's daily price below the crucial 120 cents per pound level.

But at a week-long meeting the International Coffee organisation's part of the International Coffee organization below the International Inte of the ICO's executive board which began in London on Monday, producers met with a dusty initial response to the idea of implementing an addi-tional cut in export quotas beyond the automatic im-bag reduction which is expected to take effect within a matter of

days. Meanwhile. robusta coffee futures fell a further £104 to £1.487.50 a tonne on the London market, the lowest level since October 1982. With supplies remaining abundant, dealers believe that only news of a severe Brazilian

only news of a severe Brazilian frost can prevent prices tumbling further.

A further 1m bog quota reduction—which would take the global quota to 58m bags—will he triggered wben the ICO's have agreed on a detailed formula to apply penalties to producers who cannot prove that their sales to non-members orrive

COFFEE EXPORTERS told already discounted by the consuming countries yesterday market. The 15-day price was than 3m tonnes of coffee have of their serious concern at the quoted at 123.37 cents yesterday, "disappeared" in this woy continuing slide in prices and is dropping steadily. and is dropping steadily.

This week, producers re-lterated their view that the price slide is mainly attributable to the fixing of an excessively large total export quota for the 1994-95 marketing year. Consumers, bowever, reminded the exporters of the much higher prices they enjoyed in the pre-

A further quota reduction below 58m bogs needs the approval of the ICO boord, Producer delegates have not yet formally proposed such a cut, but were last night awaiting instruction from their governments.

countries were studying detailed proposals from producers aimed at reducing alleged abuses of the International Coffee Agree-

The ICO estimates that more of a resolution then aimed at stopping the practice. The issue is becoming a matter of increas-ingly acrimonious dispute with-in the ICO as producers and consumers square up to renegotiate export quotas under the agreement this September.

Some consuming countries maintain that traders allow these missing coffee abipments
—often made at lower prices
thon those fixed by the ICO—
to "leak" on to member Key producers like Brazil,

however, reckon they are sitting abourd ships or in freeports and overhanging the market.

Under the proposal ogreed by all producers except Indo-nesia—the main seller of coffee to non-members at a discount— penal quota reductions would be applied to producers which cannot account for an aboveaverage quantity of coffee sold to non-members. Brazil is hoping that agreement can be reached this week, but it seems likely that a final decision will

## CEGB buys spot market coal

BY GERARD McCLOSKEY

FOR THE first time since the 1970s, Britain's Central Electricity Generating Board (CEGB) Hunterston. both of which are due to arrive in August, bas caught the interest of the world steam coal 1970s, Britain's Central Electri-city Generating Board (CEGB) bas entered the international coal spot market. In two major purchases it bas signed up 120,000 tonnes of steam coal from Colombia and the U.S.

The coal, which is destined for the Lancashire power station of Fiddlers Ferry, will be imported through the British Steel Corporation harbour at Hunter ton. What little coal the CEGB has imported in recent years in three contracts with Australian mines, has been landed on the Continent before being moved on to the three Thamesside coal fired power stations of Tilbury, West Thurrock and King's North, The additional cost of this continental

The price paid for the spot deliveries is thought to be Shell Coal International sell to around \$43 a zonne (£30.71) the CEGB a cargo of top quality which compares with £44 for Colombian steam coal, taking the bulk of National Coal Board it from under the noses of the supplies and £36 a tonne for the "second trancbe" of NCB coal delivered to the electricity utily. The U.S. cool is priced at \$43.67 a tonne and the Colombian cargo of 60.000 mapaged to ocquire the coal tonnes is thought so be slightly from the stockpile of the cheaper.
The CEGB is saying nothing

about the spot deliveries but London traders report that the purchases come after a clandestine tender among steam Fuels and the I coal suppliers in recent weeks. of Ruhrkohle, One of the two spot deliveries, coal producer,

interest of the world steam coal market. This contract has seen

temporarily closed Cerrejon Central pit. The second delivery is being provided by Inter Continental Fuels and the U.S. subsidiary

#### India to import cotton from **Pakistan**

INDIA IS to import 100,000 bales (170 kilos each) of cotton over the next two months. The Government owned Cotton Corporation of India (CCI), which handles external cotton trade, has reached understanding with Pakistan for purchase of 62,000 bales of medium stople cotton. The remaining 38,000 heles may be imported from the Sudan.

cotton despite record production of more than 9m bales in 1984-85 (September-August), 15m bales higher than the previous year. The carry-forward stock ot the beginning of the year was only 544,000 bales. There is an apparent surplus of nearly 500,000 bales as con-

sumption is estimated at 8.7m bales, but the varieties of cotton available do not match the needs of the textile industry,

#### WEEKLY METALS

Metal Bulletin : ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warebouse, 2,810-2,870.

BISMUTH: European free market, min. 99.99 per cent, \$ per lh, tonne lots in worehouse, 400-4.15. CADMIUM: European free market, nun. 99.95 per cent. \$ per lb, in warebouse, ingots.

0.70-0.77. sticks, 0.77-0.82. COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 11.40-11.55. MERCURY: European free market, min. 99.99 per cent. 8 per flask, in warebouse, 287-296. MOLYBDENUM: European free market, drummed molybdic

oxide, \$ per lb Mo, in ware-house, 3.10-3.20. SELENIUM: European free market, min. 99.5 per cent. \$ per lb, in warehouse, 6.30-6.80. TUNGSTEN ORE: European free market, stondard min. 65 per cent. \$ per tonne unit WO, cif. 63-69. VANADIUM: European free

market, min. 98 per cent V.O., other sources, 8 per lb V.O., clf URANIUM: Nuexco exchange value, \$ per lb U:O., 15.00. Wong Sulong on palm oil output prospects

## Malaysia cashes in on its 'golden crop'

caused prices to plunge from its surprisingly firm levels a few months ago.

Crude palm oil prices quoted on the Kuala Lumpur Commo-dities Exchange are hovering around 1,000 ringgit (\$410) a tonne, a drop of 50 per cent from prices reached in April from prices reached in April. They are expected to decline further probably to around 900 ringgit, later in the year as Moloysian palm oil meets with fierce competition from the bar-vest of U.S. soyabeans in an in-

creasingly oversupplied edible oil market.

Despite the softening of prices, however, the Maloysian Government is cautiously opti-mistic that palm oll, the coun-try's so-called "golden crop," will repeat its sparkling perfor-mance of last year.

The exceptionally high prices of 1984 are unlikely to be

repeated but value lost through lower prices will be more than made up through record export volumes, prompting Datuk Paul Leong, the Minister of Primery Industries, to comment that "palm oil looks like the brightest spot in an otherwise sluggish economy."

For this year, aided by record production ond high carry-over stocks, exports of paim oil are expected to soar to 4m tonnes, from 32m tonnes last year.
Exports of palm kernel oil

ore projected to rise by 10 per cent to 440,000 tonnes. The Ministry of Primary Industries estimates that crude palm oil (CPO) prices will average 1,150 ringgit a tonne for 1985, compared with 1,400 ring-git for 1984. For the first six months of this year, CPO prices remained surprisingly firm, overaging close to 1,300 ringgit

a tonne, About 95 per cent of Malaysia's palm oil is exported after refining, and this adds another 200 ringgit per tonne to its

"We expect exports of By 1990, Malaysia is expected palm oil and palm ted to produce 6.5m tonnes of would kernel oil to reach 6bn ringgit its golden crop. The local martic (\$2.45bn), if not a few hundred ket will take less than 4 per again.

The strong performance of palm oll is reflected on the Kuala Lumpur Stock Exchange where prices of plantation com-panies, with large acreages under oil palm, have held ateady against a general down-

ward trend.

The biggest challenge to the industry is to ensure a world market for an ever-increasing

> MALAYSIAN PALM OIL Production Exports (reillion tonnes) 2.822

1984 1985 (est) Source: Maleysien Ministry of Primary Industries

3.509

volume of oil that is expected to flow from the estates in the years to come.

The Malaysian strategy is to

maintain the present discount for palm oil against soyobean oil in order to enlarge its market share.

The Japanese Government's recent decision to drop its 3 per cent import duty on palm oil was much appreciated by Malaysia, which complains that the European Community discriminates against palm oil in favour of soya oil by a 12 per cent duty on refined palm oil from the Far East.

Malaysian palm oil, which accounts for nearly 70 per cent of the world's trode in the com-modity, is probably the most competitive of the edible olls, Its production cost is only around 700 ringgit a tonne, and is far below that of soyabean

By 1990, Malaysia is expec-

24,93 25,01 24,63 24,75 24,40 24,45 24,20 24,20 24,05 24,06

GOLD 100 troy oz. \$/troy oz

والمرابط والمعاولة والمعارف والمعارض والمتحالية والمتحالية والمتحارب والمتحارب والمتحارب والمتحارب والمتحارب

24.50 24.58 24.36 24.10 23.59

OIL 42,000 U.S. gaSons,

64.30

842.0 857.0 664.0

694.0

610.0

642.6 657.5 664.0

Prev 3.62 3.77 4.00 4.30 4.64 4.70 4.87

Nigh 68.85 69.70 70.60 71.30 72.10 72.20

65.30

66.00 66.40 67.00

651.0 667.5 667.0

694.0

619.0

651.0 657.5 667.0

68.65 69.55 70.50 71.20 71.90 72.20 71.60

COPPER 25,000 lb, cents/lb

Close 62.00 52.66 62.50 63.65 63.95 64.55 64.96 65.33 65.75 66.35

610.8 618.0 627.4 632.0 640.0 649.8 659.0 660.3 684.0

Close 605.3 810.8 010.0 627.4 632.0 640.2 649.8 669.2 569.3 684.3

THE PROSPECTS of beavy volumes of palm oil, up to 450,000 tonnes a month, coming out from Malaysian estotes for the remainder of the year has caused prices to plunge from its surprisingly firm levels a few months ago.

Crude palm oil prices quoted million ringgits more," says the need to find new markets bas being brought home by a bas being brought home by a bas being brought home by a recent visit of Datuk Leong to the Indian sub-continent. The second biggest export industry baggest buyers of Malaysian palm oil, with India taking rater petroleum and liquified natural gas. sub-continent countries are the bluggest buyers of Malaysian palm oil, with India taking 720,000 tonnes, Pakistan 380,000 tonnes and Bangladesh 100,000 tonnes last year.

The scope to increase these lorge intakes is clearly limited. The Indian Government is concerned about the massive trade

cerned about the massive trade imbalance, which was 1bn ring-git in Malaysia's favour last

"We bave to be vigorous la embarking our promotional efforts in other markets such as China, Africa, the Middle East and the U.S.," said Datuk

Africa, Kenya, Nigeria and Egypt are also promising markets. They took 89,000 tonnes, 109,000 tonnes and 50,000 tonnes respectively from

Malaysia last year.
Recently, the Malaysian Overseas Investment Corporation, secured a \$77m deal to supply 95,000 tonnes of refined paim oil to Nigeria, the biggest commercial deal ever-made by a Malaysian company in that

Sime Darby, the plantation-based Malaysian group, has entered into a joint venture in Egypt to set up a palm oil

Japan and South Korea are also potentially blg markets, but here, the U.S. soyabean lobby is strong. China, is a challenging market, where palm oil is cur-rently used for making soap. A Malaysian technical team visited China last year to promote palm oil for margarine and cooking.

Although the U.S. is the world's biggest producer and exporter of soyabean oil, it used to be the biggest importer of Malaysian palm oil in the 1970's, taking up to 400,000 tonnes a year.

Now, its Imports are down to 100,000 tonnes, and Datuk Leong would like Malaysian exporters to have a crack st that market

LIVE CATTLE 40,000 lba, cents/lbs

62,27 62,70

LIVE HOGS 30,000 lbs, cants/lbs

44.96 40.47 42.30 43.92 41.90 44.20 44.90 44.90

MAIZE 5,000 by min. centa/66th

Close High Low
Sopt 243.2 247.0 242.0
Des 234.2 237.4 234.0
March 242.0 245.2 242.0
May 247.2 249.8 247.0
July 246.2 250.0 248.2
Sopt 233.6 235.0 233.0
Dec 221.4 225.2 221.0

PORK BELITES 38,000 lb: Centa/lb

SNYABEANS 5,000 bu min; cents/60fb-

EAN OIL

Low 124.4 127.2 129.4 134.0 136.7 140.5 142.5 147.0

305.2 313.0 315.4 303.4 293.2 294.0

E STREET

CHICAGO

April

#### LONDON MARKETS

COCOA FUTURES firmed yesterday on the back of strong New York prices, despite sterling's strength. Prices were boosted by a lack of selling by producers, with the exception of Brazil, and by sporadic industry demand. There were also rumours of unfavourable weather and possible disease in Brazil's cocoa-growing areas.

Sugar held quite steady, with sentiment continuing to be affected by talk of dry growing conditions in the Caribbeau, and particularly in the Dominican Republic. Base metal trading on the London Metal Exchange was generally quiet and currency-dominated in a narrow range, although traders reported some trade demand for lead

at the day's lower levels.

#### ALUMINIUM

	Unotficia class(p.n £ par	1.) —	iNigh/low ! !
	714.5-5.0 737-,5		
Official (723-4), th 7), antuam close: 738.	losing (ine month ent 717.5 5-2. 25,375 to		eh 717-5 40 (748.5 Finsi Kert

#### COPPER

Higher grado	Unoffic'i olose	+ or	Nig hiLow
Cash Three minths	1057-O 1061-,5	18.0  12	. 1058, 105 ! 1085/10578
nificial clo (10725), thr 0), settlement slose; 1060-7.	se month	): Cal 1061 72-5)	h 1056.5- -5 (1075.5 Final Kar

Cash 1094-0 -14 182011024 Threo re'nthe 1038-40-18 -11fficial alosing (em): Cesh (1038-9), three months 1039-40 7), settlement 1025 (1039).

#### **LEAD**

	Unoffisial close(p.re. £ per te	) <del>-</del>	Nigh/Low
Cash 3 months	982-3 090-00	<u>-4</u>	288.6/288 295,0.231
(29031, 1	closing (a thme month 288.5 (29	10 295	(2965).

#### NICKEL

	£ per tonne	A ZIII IOW
Cash 3 months	3550-40:100 3583 90!58	5890 6575
(3625-30).	sinsing (ore): Cer three months 357	5-6 (3660-
close: 3575	ent 3530 (3630). i-85.	MUOI YOU

#### ZINC

	Unoffici c:ose(p.re £ per	i.) —	Nigh/low
Cosh 5 reenths	546-8 000 6	-7	548.529
Official (546-8), ti settlement	closing ( hree reon; 546 (548].	ere]: C he 533- Final l	ach 544-6 4 (531-3), (arb close:

over: 10.075 tonoss. U.S. Prime

MAIN PRICE CHANGES "10 tonone unless ".....

#### TIN

	Nigh grads	Unofficial close (p.m t. £ per to	_ :	Nigh//l for da
10 . 0	(0162-5), t	2067-70 8060-2 eloeing (en three month mont 9075	129,5 n): Cor s 9065-	h 907
	Standard Cash 5 months	9063-70	110.5	9070

oottlereent 9071 close: 9050-1. Tomever: 1,3 M\$31.05 (51.07)

#### LME price Amalgamated Metal Trading GOLD

Gold roso \$3½ to \$321½-322½ on the London buillen merket yesterdey. It opened of \$321½-322½ ond was fixed at \$322½ in the eftersoon. The metal touched opeak at \$3223-321½ and a lew of \$321-321½, with the price oueported by the decline at the delier on the foreign exchanges.

Close 85211-3224 (22271-228) Opening 85014-5281 (23274-2384 Wini'g 8cc, 8432.76 Aft'n'nfbt, 5322.50 (2227.947)

## **GOLD AND PLATERUM COINS** Kroj rad. \$830 3804-18 Krug. 81701-171 14 Krug. 887-873-14 19 Krug. 535-8034 — Maploleaf \$3311c 33014 Maploleaf \$3311c 33014 New Sov. \$76-7 1gNew Sov \$46-4554 Old Sov. \$77-781g \$40 Eaglo 3470-510 Nobla Pia1\$201-48414

#### SILVER

Silver was fixed 4.85p an ounce lower for spot delivery on the London buillion morket yesterday at 434.75p, 11.5. sent equivalents of the fixing levels were: spot 615.8c, up 3.3c threemonth 627.9c, up 3.85c; sie-reonth 841.1c, up 3.85c; and 12-month 657.7s, up 3.25c. The metal opened at 435-1438-12 (810-618c) and alossed at 435-1438-12 (818-619c).

Buillon + or L.M.E. + or fixing p.m. unofficit Spot ...... 484 75p | 4.85 432.0p | -0.5 6 reonths, 447.10p | -4.85 445.50 | -0.5 5 months, 458 40p | -6.10 | -1.5 18 months, 458 40p | -6.30 | -1.5 18 months, 481.78p | -6.30 | -1.5 LME-Turnover: 75 (45) lots of 10,000

July 23 + or Month 1980 - ago METALS	July 93 + or Morra 1985 - ago
Aluminiure	Goconut (Phil)   8535z   1+25   85 Paire Malayan   8470u15   80 SEEDO
Copper Cash h Oracle	Copra Phil   \$340z
6 mths	Barloy Fut. Nov.  £101,85,-0,10£86,8 Malze
Quicksilvert \$285/255	OTHERS Coda Ft. Sept.  £1694.5 7-21.6£168 Coffee Ft. Sept.  £1694.5 7-21.6£168 Cotton A Index   60,35e0.2  62,60
8 mms	Gas 0il Sept. \$012,75 +1.75521S. Rubber (kidu) 54p -0.0 66p 5192rv +8 860 Wooltops 64s 432pki/a487pk
Producers \$630	† Unquoted. u Aug. s Aug-Sa; w Sapt. z July-Aog. † Per 78 ib flor s Cents per gound.

#### GRAINS

67.70 —112.5 2085 60-2 —129.5	steadior note in otherwise featureless conditions, reports Mulrpace.				
Ing (em): Cosh 9070-5 months 9055-60 (9165- t 9075 (2165).	Mnth	Yesterd'y	+ or		RLEY
065.70 -110.5 9070 050.2  -115.2 3065.1060 ing (sm): Cash 9070-1 reonths 9050-1 (9160-1). 1 (9163). Final Korb	Mar_	98 00 101.40 103.15 108 00 112,00	+0.19	\$7.70 101.05 104.00 108.50 111.20	0.25 -0.19 -0.25 -0.19 -0.10
305 tonoss. Straits tin ) kilo. ces supplied by	7.70, 1 Merch	noss don Nov 101.4 108.55-2 64 leto s	0-1.00, .20. M	Jen 104.9 ley 112.0	0-4.80, 0-1.70.

111.20-10.95. Seloe: 43 lots of 100 tonnoo.
LONDON GRATNS—Wheat: U.S. derk northorn apring no 1 10 per cent Aug/
Seat 112 25. Det 122. Nov 123.75 sollors transhipment sest coast. U.S. no 2 solt red winter Aug 107.75, Sect 110.25. Oct 113.25. Nov 114.75 sellors. EC July 117 seller. Singlish feed to Aug 20/Sect 10 100.50, Sept 1-15 95.75, Oct 100.75. Jan/Mar 108.75 sellem seat coast/seuth seets. Maize: U.S. no 5 yallow/French transhipment east coast/seuth seets. Maize: U.S. no 5 yallow/French transhipment east coast July/Aug 141 sollers. Barley: Eoglish feed fob Aug 96.25 sellem soum coest, Aug 1-10 65.75, Sept 99.50. Oct 102.25 sellers seat coast. Necchalled Section 10 section 10 section 10 sellem Section 10 section 1

COCOA Ossoits starling strongth futures simmed on treds and commission house buying to close near the day's highe. Actuals saw same industry office while Origino remained quiet, reports

Soles: 3,118 (1,180) lots of tonnes.

ICCO indicator prices (U.5, ce per pound). Only price for July 102.10 (38.19); five-day overage July 24: 100.48 (39.59). RUBBER

#### INDICES FINANCIAL TIMES

July 22 July 18 M'th ago Year ago

#### REUTERS July 25 July 28 M'th ago Year ago 1686.8 1684.3 1771.7 1894.4

DOW JONES Jones 88 18 ago ago apot 116,59115.77. — 100.7 Fut. 116,47110.09 — 106.0

(2set: September 18 1931 - 100)

## grices (buyere) soot 54.00g (sems); Aug 60.00p (80.25p); Sept 55.75p (80.00p). The Kusle Lumpur fob price for RSS No 1 was 191.5 (192.0) cents a kg and for SMR 20 was 162.0 (161.5).

	COFFEE
	Ouring an active session losses of around £100 were established or yterdior sterling and commission house selling reports OBL Osspire a recovery of £10 fresh contract lows warm seem screes the board as trade calling amerged during a weaker closs.
-]	COFFEE   Yesterd'ys + or Business   Done
o ì	<del></del>

#### SUGAR

LONDON MALLY PRICE—Raw auger \$102.00 (\$772.00), up \$8.00 (up £4.50) a tonne for July-August-September delivery. White auger \$142.50, up The mily continued until the key chart point of \$108.80 was resched an October ster sores profit-taking weskened prices, reports C. Czsmikow. 8 per tonns

Sales: 5,194 (3,280) lots of 50 tonnos. Tate & Lyle delivery crics for granulated basis augar was £175.00 (£170.00) a tonna for export. international Sugar Agreement— (U.S. cents our pound tob and atowed Cambean ports.) Prices for July 22: Only orice 3.40 (3.25): 18-day average 2.88 (2.01).

## 1745-1750 + 94.0 1750-1715 1694-1595 + 91.5 1790-1897 1665-1685 + 21.0 1888-1693 1094-1695 + 20.0 1883-1891 1710-1715 + 18.0 1718-1867 1738-1798 + 10.5 1718-1794 1737-1738 + 13.5 1737-1721

The Lendon dhysical market opened about unchanged, say very little interest throughout the day and closed

# In thin trading Brent gained 20c for September and 10c for August. West Aricon and North See crude were on offer for August loading, Nymex WT

Patroisum Argue satimete

Turnover: 1,577 (674)

distant months but near position hald up, reports Colsy and Harper.

## **PIGMEAT**

Spot Augus1 stracted little trading, but interest is still aboving in winter months although the rearket swelts the June agricultural census figures to provide a Iresh lead, reports CCST Commodities. \$1,0.101,0.102,0.102,0.104,0.100,0 104,0.108,9.107,0.107,2.110,4.104,2 119,2.100,5.110,2.110,0.114,0.114,0.1 119,0.113,2.118,4.113,0.125,4.117,0 123,6.123,0.123,0.123,0.123,2.127,0.123,0 125,6.123,0.123,0.123,0.123,0.123,0.123,0.123,0 151,0.151,6.150,0.123,0.123,0.123,0.133,0 151,0.151,6.150,0.123,0.123,0.123,0.133,0

## SOYABEAN MEAL

The morket opened 70p down stronger starling, reports T. G. Roddle Priose standard lots in the day on so mission house buying. iper tonne ... 181.6 112.6 -3.90 107.5 ... 118.0-113.3 -0.76 115.0 ... 118.0-113.5 -0.15-):2,5-113.6 ... 128.0-125.5 -0.29 123.5 ... 124.0-125.0 -0.25 - 125.3 ... 125.0-128.5 - 125.3

Soloo; 170 (180) lots of 20 tennes

## weakered on a growing surplus of prompt supplies. Gas oil cargo prices firmed due to stronger bargo prices— Patroisum Argus, Londen. CRUGE OIL—FOR (4 per barrel)— Aug. Heavy fuel oil ...... Naphtha..... July/August

GAS OIL FUTURES

## **POTATOES**

Stop-loss buying firmed all positions on the opening but profit-taking sell-ing interest was keen at £1.00 up and values were quickly trimmed. Slightly warmer and drair weather grospects brought out further selling interest in distant months but near positions hald up reports Coley and Harper. E ger tonne 8.20 | 07,50 | 56,88-57,89 10,80 | 00,00 | 58,00 7,70 | 72,00 | 79,63-77,30 13,60 | 84,00 | 84,00-45,50

Aug. .... 107.20 ! 107.10 | 1107.86-107.80 | 107.10 | 107.50 | 107.56 | 107.10 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107.50 | 107

#### Sales: 9 (33) lots of 50 carcases 3,250 kg. FREIGHT FUTURES

After opening fractionally gaster the market remained dull until selling pressure developed in spot July at the close, bringing it down into line with the BFI, irrespective el rumours of firmer rates in the physical market, reports Clarkson Wolff. The Beltic Freight Index woo 758.5, down 1. July 758-768 (198-768) 758-768 (198-88) 758-768 (198-88) 758-768 (198-88) 758-768 (198-88) 758-768 (198-1050) 764.752 858.860 899.900 943.951 1470.900 955.1010 960.1055

C

#### U.S. MARKETS GOLD AND SILVER were generally weak on the dollar recouping early losses along with disappointment over the inability of gold to sustain recent gains despite the ten-sion in South Africa, reports Helrold Commodities, Copper

traded modestly lower on light selling in sympathy with precious metals. Sugar consolidated following recent gains awaiting fresh physical interest. Cocoa gained ground on reports that Brazilian shippers had requested shipping extensions. Coffee was

ping extensions. Coffee was sharply lower on follow-through selling reflecting a lack of frost in Brazil and good availability. Cotton traded mixed with light selling noted in sympathy with weakness to soyabeans. Heating oil prices firmed up as Opec discussions centred on differentials rather than outright price cuts; spot supplies

right price cuts; spot supplies are tight, supporting the strength in cash markets. **NEW YORK** 

ALUMINIUM 40,000 lb. cents/lb Prev 44.30 44.60 44.75 45.70 46.00 46.65 47.35 48.75 60.15 COCOA 10 tonens; \$/tonnos PLATINUM 50 troy oz. \$/troy oz Prev 2074 2113 2135 2153 2190 2191 2201 Nich 2110 2161 2150 2200 Z236 COFFEE "C" 37,000 lbs, cente/lbs High 139.00 134.50 136.50 107.80 138.30 138.20 Close 137.28 131.32 134.01 136.00 136.33 137.28 137.12 Prev 139.33 138.48 137.14 138.20 138.07 139.38 140.00

## July Aug Sept Dec Jan March May July Sept Dec SILVER 5,000 troy oz, cents/troy oz 130.45 130.25 180.25 SUGAR WORLD "II" 112,000 lbs. Low 59.65 59.40 90.04 60.30 68.50 High 60.20 60.24

OTHER MARKETS

SMITHFIELD-Pence per pound. Beefs forequarters 53.0 to 56.5; Weter hind-quarters 85.0 to 21.0; Eire hindquarters 85.0 to 90.0. Veal: Outch hinds and ands 141.0 to 145.0. Lamb: English amoli 66.0 to 74.0, medium 54.0 to 70.0, heovy 62.0 to 64.0: Scotch heovy 62.0 to 63.5; Imported; New Zesland PL 65.0 to 65.0, PX 65.0 to 66.0. Pork: English under 100 ib 45.0 to 66.5, 100-1201b 49 5 to 54 0, 120-160 to 02.0 to 48.0. MEAT COMMISSION-Average 1ststeck orloso of roomsoniative rearkots. CB—Cottle 55.85g per kg lw (+0.06). CB—Sheep 157.64p per kg oat dcw (+3.92). GB—Pigo 76.75o per kg lw

MEAT

#### ROTTERDAM

WHEAT — (U.8. \$ per tonno) (U.S. No. 2 Soft Red Winter: Aug 133.50, Sept 137, Oct 140.50, Nov 142.50, U.S. No. 2 Northam Spring, 10 per cent crotem: Aug 153.50, 8ept 152.90, Oct 166. Nov 158. U.S. Northam Bening, 15 per cent protein: Aug 164.50, Sept 163.50, Oct 165, Nov 169, U.S. No. 3 Nerd Amber Ourure: July 168, Aug 167, Sept 157.50, Oct 101.50, Nov 164.50, Cenedian No. 1 Wastam Red Spring, 13.5 per sont: Aug 163. Sept 168, Oct 171, Cenedian No. 1 Wostam Amber Ourure: Aug 169, Sept 168, Oct 171, Cenedian No. 1 Wostam Amber Ourure: Aug 173, Sept 173, Oct 176.50, Nov 15/Dec 15 181.

## MAIZE — (U.S. S per tonno) U.S. No. 3 Yollow: Affort 129, July 129, Aug 127, 9opt 122, Oct/Dss 118.50, Jan/Morch 119.50, sellers. Argantino, Pieto: Affort 132, July 132, Aug 133,

COTTON LIVERPOOL—Spot and shipment soles amounted to 143 tonnes. Fair trading took ploce with interest in West Airlosn, Colombion and Pakistani growths

**WOOL FUTURES** SYDNEY GREASY WOOL-Close (in SYDNEY GREASY WOOL—Close (In order: business).
Australian cents oor kg July 880, 052.0. Oct 804.0, 609.0, 6

SPOT PRICES—Chicago locas lard 18.00 (asmo) conta car pound. Naw York tin 589.0-91.0 (586.0-98.0) cente per pound.5. Hendy ond Harman silver bullion 813.0 (512.0) cents per pound.

7ureovat; 63 (103).

#### CURRENCIES, MONEY and CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

#### FINANCIAL FUTURES

## Dollar loses ground again

The doller weakened on the foreign exchanges yesterday, continuing the treod seed in Now York Monday night. U.S. deslers appeared to be disappointed at the failure of the dollar to sustain a level above DM 2.90, after the devaluation of the Italian lira bad created nervousness among many European currencies. Long positions taken out in the wake of the lira crisis wore unwound, pushing the dollar in the wake of the lira crisis wore unwound, pushing the dollar in the wake of the lira crisis wore unwound, pushing the dollar in the wake of the lira crisis wore unwound, pushing the dollar in the wake of the lira crisis wore unwound, pushing the dollar in the wake of the lira crisis of 84.4 in the afternoon.

Sterling and 2.20 cents to 51.4105-\$1.4115, and also rose to DM 4.03 from DM 4.03 fro price index was in line with expectations, but the rise of 1.8 per cent in June durable goods orders compared with some forecasts of a fall of up to 3 generally considered erratic

component in the figure led to a later decline. The dollar fell to DM 2.8505 from DM 2.8980; FFr 8.66 from FFr 8.7975; SwFr 2.34 from SwFr 2.3785; and Y237.90 from ¥240.05.

however, and although the dol-

lar received a small boost on its

poblication, the large defence

Sterling attracted funds moving out of the dellar again yesterday, but finished around the middle of the day's range, after a very strong opening. In Frankfurt. The dellar fell to Optimism about the outcome of DM 2.8470 from DM 2.892250, and the Opec meeting in Geneva the lift the pound, which remained suported by the high

per cent. This set of figures is EMS EUROPEAN CURRENCY UNIT RATES

	control mtes	against Ecu July 23	from central rate	% change adjusted for divergence	Divergence
Belgise Franc	44.8320	45.1685	+74	+74	NA
Danish Krond	8.12857	4.08865	-0.74	-0.74	NA
Germen D-mark	2.23840	2.24562	+3.2	+3.2	NA
French Fmnc	6.86402	5.82432	~0.58	-0.58	NA
Butch Guilder	2.52208	2.52500	+0.14	+6.14	NA
Irish Punt ·	0.724678	0.716182	~1.17	-1.17	NA
(talien Lim	1520.60	1508.12	~1.16	-1.16	NA
				enga denotes Inanciel Times	

goods orders published during the efternoop. The U.S. inflation rate for Jone was much as expected, but durable goods were rather better than most forecasts, although there was concern that defence goods made up a large part of the figure. Deslers also suggested the D-mark attracted funds from other members of the EMS, on concern about another possible concern about another possible realignment to the system. Earlier in the day the dollar was fixed at DM 2.85 in Frankfurt. compared with DM 2.8856 on Monday, without any intervention by the Bundesbank.

STERLING INDEX July 23 Previous 84.2 83.5 84.1 83.7 84.3 83.8 83.8 84.3 83.8 83.8 84.4 83.5 84.4 83.5 84.4 83.5 84.2 83.5 9.66 am ..... 10.66 am .....

£ IN NEW YORK

	July 23	. Prev.	ciosa
i mouthe	51.4060-1.40 0.54-0.60 pr 1.27-1.23pm	10.59-0	50 pm
Torward p	a.15 3.05om	discount	28 pm

•				
DOLLNO	CDOT	CODWADD	ACAINCT	DOUBLE
POURD	3FUI-	CUMMUD	<b>AGAINST</b>	POUND

July 23	apread	. Close	One month	p. s.	months	p.
U.B.	1.4000-1.4210	1,4105-1,4715	0.54-0,51c pm	4.46	1.27-1.22c pn	2 3.
Ceneda	1.8970-1.9074	1.9040-1.9070	1 pm-per d c dis	<b>-3</b> . 16	2-1 pm	3.
Nethind.	4.504-4.55	4.52 4.53	23-23c pm	6.29	Freq pm	5.
Balgium	80.76-81.43	30.90-80.90	26-22c pm		62-53 pm	2.
Denmark	14.47-14.47%	14.41-14.42	34-24 ors pm		81-71- pm	1.
tretand	7.2804-1.2887	1.2812-1.2822	0.31-0.18c pm		0.64-0.44 pm	1.
W. Ger.	4.01-4.04%	4.0212-4.0312	24-24-pf pm	7.82	872-65 pm	6.
Portugal	233.93-239.96	233.93-237.72	180-625c dis			47.
Spain	233.29-234.63	233.29-233.82	65-95c dis	-4.71	280-330dis ·	-5.
Italy	266674-270572	2094 <sup>1</sup> 2-200 <del>37</del> 2	8 pm-1 dis life	6.18	0-11 dis .	0.
Norway	11.68-11.75	11.68-11.69	3-per ore dis	-1.89	14-24 dis	-2
France	12.18%-12.29	12.20-12.21-2	25-17sc pm		52-4's pm	13
Sweden	11.76%-11.83%	11.77%-11.78%	21-31-ore dis		81, 91, dis -	-3.0
Japan	335-3364	3367-3367	2-13y pre		44-44 pro	0.
Austria	28,21-28,33	28.26-28.30	15 - 14 egro pm	6.68	412-374 pm	6.
Switz.	3.29 3.314	3.29 - 3.30 -	21-2c pm	7.73	54-54 pm	5,
			Inancial franc 81.4 m. 12-month 3.1			

#### OTHER CURRENCIES

July 23	£	,		E · Note Rates
	1,8765-1,8796 8,911-8,946 8,911-8,946 158,19-186,11 10,9550-10,976 125,00 0,4264-04109 81,41-81,55 5,1195-3,1926 8,74468,7525 5,1106-5,1661 3,4800-3,4900-3,4900-3,4900-3,4900-3,490	1.5970-1.3989 6.300-3.320 5.9720-0.9740 129.05-131,72 7.7490-7.7680 89.70 57.71-67.80 9.4615-2.4636 1.9479-1.9417- 2.8506-3.0810 2.9005-2.2026	Austria Beiglum Denmark France Germany Italy Lapan Norway Portugal Spain Swaden Switzeriand United States	28.20 28.50 61.46-82.85 14.40-14.50 19.16-12.30 4.01-4.05 8080-9726 335-336 4.51-4.65 11.86-11.76 228.240 996-236 11.74-1186 3.29.6.88 1.40-1.42

EXCHANGE CROSS-RATES

4 4 4

1.76 10 16 186 188 42		ino	7.1 —14.6 7.2 —20.6 7.8 +18.6 100mm: average England Inde	Irish Pun	7 8 8.5 170 K 101, 8.6 4 N	3.116: 187,875 3675: 6,62274 1.496: 150,581 0039: 6,57951 (A: 1,88350 6,663: 164,687 6546: 6,716182
		rege 1975-100		*C\$/SOR	rata for July	22: 1.38458.
Yon;	French! ta 1c.	Swise Franc	Dutch Gulld,	Italian Ura	Ganada Dollar	Beigian Franc
	19.21 8,66	3,500 2,578	4.520 3,204	9766. 1905.5	1,875 1,330	81.66 67,25
				·		

July 26	Pound St'rling	U.S. Dollar	Deutschem F	J'panese Yen		Swiss Franc.	Dutch Gulld,	Italian Lira	Ganada Dollar	Belgium Franc
Pound Sterling U.S. Dollar	0.720	1.389	4.026 2.850	355.5 237,9	19.21	3,800 2,878	4.520 3,204	9766, 1905,5	1,875 1,930	81,66 67,25
Deutschemařk Japanese Yen 1,008	0.248 9,999	0,345 4,165	19.07	. 62.86 1000.	3,633 36,60	6,820 6,896	1.195 13.66	670.8 8096.	0.455 6.624	20.99 244.8
French Franc 10 Swiss Franc	0.819 0.363	1.138 0.421	6,297 1,280	278.2 161.1	10. 3,699	2.703 1.	3,703 1,376	2912. 818,2	1,667 0,568	65.88 24.74
Dutch Oulder Italian Ura 1000	0.221 0.370	0.307 0.514	6,898 1,490	75,78 128,6	9.701 4.521	0.750	1.674	587.3 1000,	0.415 0.695	18,06 30,24
Canadion Poller Belgian Franc 100	6.533 1,225	0.741 1.701	9.145	177.8 408.6	5,508 14,95	1,759 4,042	2,410 5,636	1439. 3607.	9.297	43,53 100,

EURO-CURRENCY	INTEREST	RATES	(Market	closing	rates)
	يسنوانطس بالسينان				

July 93	Sterling	U.S. Dollar	Cenadian Dollar	Butch Builder	Swiss Franc	0-mark	French	Hallan	Gonv.	Franc Fin.	Yon	Ranish Krone
7 days' notice	121 <sub>2</sub> 125 <sub>6</sub> 1874 1974 1914 1276 1176-127 1146-1174 1176-1174	77a-7 <del>12</del> 712-816 6-81a 61a-814 8-6-8-4 8-16-8-16	715-839 839-859 858-876 079-914 814-949 966-959	51g-65q 61g-63g 61g-63g 61g-63g 61g-63g 61g-63g	114-114 114-119 6-518 518-514 5-6-514 518-614	413.5% 413.5% 6.01s 5%.5% 51s.514 5%.5%	85g-93g 95g-93g 95g-93g 95g-10-1 103g-10-1 103g-10-1 103g-10-7g	9;1-10 8-10 16!e 19 12-13 12!e-13!e 13!4-14	813-849 854 673 834-9 674 914 8-914 934-964	812-834 812-834 634 678 874-914 614-914	51g-65g 63g-61g 61g-65g 61g-65g 61g-65g 61g-65g	10-161 <sub>2</sub> 91 <sub>2</sub> -10 91 <sub>2</sub> -16 91 <sub>4</sub> 91 <sub>4</sub> 91 <sub>6</sub> 10 91 <sub>7</sub> -10

#### **MONEY MARKETS**

## London rates fall slightly including £67m outright, by way of £56m bank bills in band 2 (1533 days moturity) at 11½ per cent; and £11m bank bills in band 3 (34-63 days) of 11½ per cent. Another £224m bills were purchased for resale to the market on August 14 at 11½-11½ per cent. In the afternoon further assistance of £19m was provided, when the euthorities bought £19m bank bills in band 2 at 11½ per cent. Late assistance of £355m was balances ebove target by £95m. In New York Federal funds traded around 7½-7½ per cent, repayment of late assistance and repayment of late assistance of £355m was balances ebove target by £95m. In New York Federal funds repayment of late assistance and repayment of late assistanc

Interest rates cased slightly on the London money market yesterday, as sterling gained ground against the dollar and other major currencies on the foreign exchanges. Hopes remain alive of a further cut in clearing bank base rates within the next few weeks, after a reasonably satisfectory ontcome to the meeting of Opec ministers in Geneva. This made discount bouses reluctant sellers of bills outright to the Bank of England at the present dealing rates, and most of the belp given to the market was provided by repurchase agreements on bills and late assistance to the bouses.

UK clearing banks base-lending rate 12 per cent since July 11-16.

Three-month interbank fell to 111-111 per cent from 111-12 per cent, while the bouses buying rates for three-month eligible bank bills were unchanged at 112 per cent.

The Bank of England forecast a money market shortage of £750m in the morning, but changed this to £800m at moon. Total help provided by the authorities was £665m.

Before lunch the Bank of England bought £291m bills,

	n, July 95) U.S. dellars
bld 61a	offer 84
8 months	U.S. dollars
bid 814	offar 8te

LONDON MONEY RATES

MONEY RATES

191<sub>8</sub> 191<sub>8</sub> 191<sub>8</sub> 12 113<sub>4</sub> 111<sub>2</sub>

## FT LONDON

IDON ANK FIXING		Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	of '	SOR Linked Deposits
o s.m. July 95) the U.S. dollers	One months	194-12 1914-12 12-111 <sub>2</sub> 117s-115e	111111	1176 1156 111 <sub>2</sub>	7.8-7.9 7.85-7.95 7.95-8.66 8.10-8.20 8.40-8.50 8.56-8.60	7 1 8 A
a offer 814 the U.S. dollars	Two years	! E !	11 lg 11 lg 11 lg 11 lg	· <u>=</u>	=	=
offar 8ls	(inclusive): 12	BALME 43V8	fixed. Fine	utnonty a	es Bass R	ate (nubile
ness are the arthmentor and to the secrets one has bid and oldered manual by the market to banks at 71 a.m. sook the beaks at 71 a.m. sook the beaks are Rational Bank. Bank of Tokyo.	Finance Houses Clearing Bank sevan days no of discount 13. E100,000 and o cent: three-sis months 113 pe	' Association Rate for for rice 8,25-6.6 1325 per as ver held und months 11 <sup>2</sup> r cant. Unde	n): 13 per c iding 13 per 25 per cent int. Cartifica er one mon g per cant er £100,000	er cent. 8 (net). The tea of Tauth 12 per; sis-nine 10% par ce	lesk Oepos seaury Sill se Oaposits cent; one months i	ait Ratea I a: Avamge s (Serica 8 -three moni 11, per ca uly 18. Os

MONEY RATES NEW YORK (Lunchtime) Prima mte Sroker loan rate 6.85 7.19 7.27 7.27 ne 5 to July 2 s seven deys' bilahed by the

5,21076 145g-1476 5,34576 133g-1418

Discount Houses Deposit and Bill Rates

6,54875 144 145 078 9

518-514

618-614

## Confusion over data

Eurodollar futures closed little changed on the London International Financial Futures goods orders, was above the level goods orders, was above the level of most forecasts, which ranged goods orders for U.S. durable goods orders for June. September Eurodollars opened firmer at 91.74, and traded up to 91.78 on good early buying interest. The opening of Chicago took the price up to the day's peak of 91.81, but the announcement of the durable goods figure left the market wobbling between 91.85 and 91.75, before the September contract finished at 75-27, compared 91.75, before the September contract closed at 91.70, compared

LONDON U.5. TREASURY 80 NO.5 21 \$100,000 32nds of 100% SWISS FRANCS SWFr 125,000 \$ per SWFr

Ciosa High Low Previous 0.4305 0.4230 JAPAESE YEN Y125m & per Y106 Clese High Low Prev 0.4220 0.4221 6.4207 0.4179 clume 26 (8) DOLLAR SPOT-FORWARD AGAINST DOLLAR FT-SE 100 INDEX

spmad Closs One month
1.4000-1.4210 1.4105-1.4115 0.54-0.51c pm
1.9301-1.930 1.4004-1.1014 0.24-0.75c pm
1.3433-1.3478 1.3450-1.2490 0.00-0.11c dis
3.1880-3.2225 3.2040-3.2050 0.59-0.46c pm
1.57.15-57.55 72.20-57.30 4-5c dis
1.57.15-57.55 72.20-57.30 4-5c dis
1.57.15-67.55 10.241-1.0241 1.71cor dis
2.8345-2.8655 2.500-2.8510 0.80-0.75pf pm
164.70-166.30 15-157 100-150 dis
8.277-8.32 8.291-8.291-1.291-1.45-1.65c dis
8.277-8.32 8.291-8.291-1.45-1.65c dis
9.33-8.38 6.392-8.591-8 p.s. mentrs p.e.

4.46 1.27-1.22c pm 3.52
2.16 6.57-45 pb 1.85
-0.86 0.28-0.31dis -0.85
1.80 1.52-1.48 pm 1.87
-0.94 1.27-1.22 pm 3.61
-1.02 21-3 dis -1.07
3.74 2.27-2.22 pm 3.61
-1.97 500-1300dis -21.54
-2.96 225-425 dis -20.08
-4.32 87-5 dis -2.08
-4.32 87-5 dis -2.08
-4.32 87-5 dis -2.09
-1.54 133-144 dis -8.70
1.52 1.12-1.07 pm 6.91
2.25 11-81-2 pm 1.95
3.39 1.81-1.75 pm 3.04 † UK and Ireland are quoted in U.S. currency. Forward primitime and discounts apply to the U.S. dollar and not to the individual currency. Selgian mas is for convertible france, Financial france 57.70-57.80.

CURRENCY MOVEMENTS CURRENCY RATES

July 93	Bank of England Index	Morgan Guaranty Chango %
sterling S. dollar. Lanadian dollar. Lanadian dollar. Lanadian foliar. Lanadian france. Lanish Kroner Lanish Kroner Lanish Kroner Lanish Landon. Landon france. Landon fran	84.8 137.4 87.1 115.5 71.6 79.9 195.1 147.6 118.6 97.1 48.9	-0.5 +24.9 -5.5 +4.9 -10.6 -5.1 +7.0 +11.3 +3.8 -14.0 -20.6 +13.6

Sank | Special Europea rate Drawing Currency % Rights Unit terling .... 7 0.728057 0.556946
.5. 2 7.2 1.03020 0.787800
anadian 5. 9.45 1.08973
ustria Seh. 412 90.6339 15.7718
eigian Fr... 812 59.0588 45.6348
aniah Kr... 7 NIA 8.05865
mark .... 514 NIA 9.52569
rsnch Fr ... 614 8.92568 5.82432
re.... 1514 1965.42 1508.19

Close High Low Prev Sept 1.0000 1.4140 1.4010 1.3820 Dec 1.3970 7.3890 1.3975 1.3770 Merch 1.3900 — 1.3756 Set, volume 229 (182) Previous day's open int. 3002 (—) DEUTSCHE MARKS DM 125,000 & per DM Closa High Low Prev Sept 0.3542 0.3542 0.3510 0.3472 Dec 0.3572 — 0.3515 Est. volume 40 (57) Previous day's open int. 425 (—) THREE-MONTH EURODOLLAR

STERLING £25,000 & per £

Close High Low Pr. Sept 91,70 91,81 91,85 91,05 91,00 91,81 91,85 91,34 91,84 91,85 91,94 90,85 90,94 90,85 90,15

U.S. Treasury bonds for September delivery opened little changed at 76-00, and fell to a low of 75-17, whoo buying interest resumed, sod the contract finished at 75-27, compared with 76-01 on Monday.

THREE-MONTH STERLING CHICAGO U.S. TREASURY BONDS (CBT) 9% \$100,000 32nds of 100%

Sept 69-00 Series at 100%

Latest High Low
Sept 76-25 78.02 75-19
Dec 74-22 75-00 74-18
March 72-26 73-04 72-27
June 72-30 73-04 72-27
Sept 70-25 70-28 70-21
June 70-25 70-28 70-21
June 70-25 70-28 70-21
June 70-25 89-08 88-03 68-29
March 69-15 88-18 68-12
March 69-15 88-18 68-12 U.S. TREASURY BILLS (MAM) Close High Low Prev Sept 123,70 123,50 123,35 124,35 Dec 124,50 - 125,16 Est. volume 348 (205) Previous day's open Int. 1595 (--) 20-YEAR 12% NOTIONAL GILT STM points of 100% 91.97 91.54 91.17

STERLING (IMME) Se per E

GNMA (CRT) 6% \$100,000 32nds of 700% Latest High 75-11 75-18 74-18 74-25

THREE-MONTH EURODOLLAR (IMM) Stm points of 100%

agencies:
Bank of Montreal, 9 Queen Victoria Street, London
ECAN 4XN, England;
Banque Internationale a Luxembourg, 2 Boulevard
Royal, Luxembourg;
Banque Bruxelles Lambert, 24 Avenue Marnix,
B-1050 Brussels, Belgium;
Bank of Mootreal, 119 St. James Street, Montreal
H3C 3BC, Canada.
Notes should be surrendered with all coupons Latest Nigh Low Prev 1,4160 1,4160 1,4170 1,3230 1,3850 1,3890 1,3890 1,3890 1,3830 1, 25-09 74-16 75-17 74-23

For full details of settlement prices call: Louise Powell of LIFFE on 01-623 0444 LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ NOTICE OF REDEMPTION

**IFE OPTIONS REPORT** 

Est volume

Calls 194

Previous day's onen interest, Calls Puts

Puts 4909

**FEDERAL BUSINESS** 

DEVELOPMENT BANK

CAN\$60,000,000

111% NOTES DUE JULY 15, 1990

SERIES 8N

Notice is hereby given that Federal Business

Development Bank intends to redeem on 23rd August, 1985, the C\$60,000,000 Notes outstanding for the 11½% Series SN Notes due 1990 at a price of 101% of the principal amount.

The redemption price on the said Notes shall be

payable on presentation and surrender thereof with all unmatured coupons at any one of the following

Notes should be surrendered with all coupons appertaining thereto maturing after the date fixed for redemption, failing which the face value of any

missing unmatured coupon will be deducted from

Any amount so deducted will be paid against. surrender of the missing coupon within a period of 10 years from 23rd August, 1985. On and after the date fixed for redemption, interest on the Notes will

PEDERAL BUSINESS DEVELOPMENT BANK

Sept B6.72 86.77 86.66 88.57
Dec 89.39 89.41 89.34 89.24
March 89.59 89.58 89.55 89.42
June 89.60 11631
Previous day's open int. 6775 (—)

73-15 73-18 73-15

Company Notices OKG AKTIEBOLAG COMPAGNIE DE

SAINT-GOBAIN lasue of titres perticipatifs Ecu 100,000,000 With Warrants With Warrants

After approval of the 1984 eccounts
by the general meeting of shareholders, the net consolidated profit
applicable to the coupon maturing
on 10th August, 1985 is
FFy 375,e12.000.

Therefore it will induce an interest
rate of 10.75% per year i.e.
Ecu 53.75 por titre participelit of
Ecu 1,000.

the sum due for payment.

cease to accrue.

Dated 24th July, 1985.

U.S.SSQ.000.000 U.S., SO, 000, 000
RETRACTABLE BONDS 11997
In tomassies with the requirements of
the Stock Exchange in London we
inform holters of the above mentioned Bonds that cooles of the English
language version of the Annual Report
and Accounts of OKG Aktiebolag ara
available from the offices of Hambrot
Eart Limited, 81 Gishousgabe, London
EC2P ZAA.

All these securities having been sold this announcement appears as a matter of record only

## **International Bank** for Reconstruction and Development



FF 1,000,000,000 10,90% Bonds due 1997

Société Générale

Banque Paribas

Caisse des Dépôts et Consignations

Banque Indosuez

Crédit Commercial

de France

Banque Nationale de Paris

Caisse Nationale

Crédit Lyonnais

de Crédit Agricole Lazard Frères et Cie

Banque Worms

Caisse Centrale des Banques Populaires

Crédit Industriel et Commercial de Paris

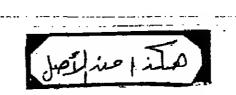
Crédit du Nord

Citibank S.A.

Midland Bank S.A.

Morgan et Cie S.A.

First Issue of the World Bank in France



AMERICANS

471. 3 3 (Abbett Lib. II 291. 21 J. Abramson IV F I ... 357. 23 (Abbott Lib. II 291. 23 (Abbott Lib. II ... 357. 23 (Abbott Lib. II ... 357. 23 (Abbott Lib. II ... 357. 23 (Abbott Lib. II ... 35 (Abbott Lib

Financial Times Wednesday July 24 1985  NOUSTRIALS—Continued  LEISURE—Continued	PROPERTYContinued INVESTMENT T		31 MINES—Continued
1985	1985   Stock	+ or Olv Yid 1985 + or Day Yid 1985 - or Day Yid 1985 + or Day Yid 1985 1996 - Net Civi Gris P E 120 11 09 11 200 370 M & G & Toug 550 4135 21 35 199	1985 High Law Stock Price - Ret Call Gr's  O.F.S.
77   61   Marstell's Universal   61   2.0   14   4.7   19   19   51   GRA Group 50   26   67   1   67   69   69   69   69   69   69   69	105   55 Derman Intert.   105   1.65   35   22   186   183   184   Durde & Louston.   105   30   762   Long Properties   266   522   74   33   144   177   76 Dermany Art 7   174   177   76 Dermany Art 7   174   177   77   77   77   77   77	104   52 6 45   55;   12   Matter   105   106;   17   101;   10	4.73 - 977 - Harmony 50c
17   9   Metal Science 269   10 +1   40   67   14   232   173   Metallic Marris   200   18   14   23   7.9   79	286   188   load & Edinburch 185   256   187	233ci 36 è 20 83 45 de 47 life insett 100 5 1 15 35 36 11 3 35 -13 36 11 3 36 -13 31 45 dependent 100 5 1 16 35 36 11 3 35 1 17 Selegendent 100 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Diamond and Platiman
25   15   15   15   15   15   15   15	400   200   1000001Egg = 100000 & Gen   0.5   0.5   0.5   375   330 ≥251cg & Gen   1000000 & Gen   100000000000000000000000000000000000	161   100005   6   16   19   10   Versigner   10   13   11   10   15   15   15   15   16   16   16   16	Central African   190   150   Faton 250c   180     180     0100c   \$\phi\$   29.0   15   12   Washe Col 251     13   -1   w05c   55   18.3   19   11   Zen Cor 3600 24     19
574 J. Charlet W. Jack J.	32 265 Particise Hidgs 109 29 1.0 0 5.0 0 189 14 Ds. Warrants	145 -5 5.25 1.2 1.7 170 1.20 Wenterlev Each 170 -3	121   155   Jang Am Caul 50c   1204   131   3.8   111   4   4   6   135   20   4   8   111   4   6   6   6   7   6   1   6   6   7   6   7   6   7   6   7   7
376   2872   Decision   328   18.5   3.1   3.7   13.3   142   108   TVS NVvg 10s   133ml   6.0   2.2   5.4   10.1   2.9   2.0   1.5   4.1   1.2   2.9   2.5   1.2   4.5   4.5   1.5   4.5   4.5   1.5   4.	30 20 Researces Ibo	30   1   10   10   36   241, 48 removed A\$1   27 -1   -	130 11L 144 Pro 120 1 170
322 282 Pittington Br. (1 272 +2 12.12.5 6.6 6.7 125 100 Pittington Br. (1 10.5 4 1.0 6.7 1.0	168   143   Saniset Prefix   157   15.5   12   5.0   22.6   327   26.7   0 Cap       877   33.2   Saniset Stoling NV   3575; 71   3510; 13   10   1.1   20   44.0   12   95   (35 Capital	102   201 1.1 28   19   6   Do Warram   6     12   11   10   16   108   66   Cirde Petraleum   75   15   53   29   72   92     9   5   Warram Pet N 1   7     7   7   7   7   7   7   7	115 80 Wegel, 214 115 115 116 4 6.0  Australians 10 71; Waterwal ASO 20 71; 15 15 15 15 15 15 15 15 15 15 15 15 15
730 t m. 1000 0 700 t 00 1 1 200 23 67 00 C 000 0100 Maria 4.00 C 000 C 100 00 10 10 10 10 10 10 10 10 10 10 10	255   175   Speyment   228   -2   188.4   25   33   11.0   180   138   Gen. Schilders 121:p   122   146   Standard Secs.   146 et   13.65   20   3.6   20.0   112   100   German Small Inv    70   64   Sterning Gree 10p   64   491.0   2.1   2.2   27.6   125   106   Glaspos Schilders   17   13   Stevard Raum Grp  13       278   249   Globe Inv	113   1, 1, 1, 0, 1, 0, 2, 2, 2, 0, 1, 1, 2, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	18
15   77   Relation   15   20   22   32   22   32   33   34   35   35   37   37   37   37   37   37	80 54 Stackley 66	239   137   11   22   300   140	20 10 9/Central halponie 10
195   Second Ref. 1790   215   -7   -7   -7   -7   -7   -7   -7   -	93	10.0 12 42 56 34 Hatson Per lis 5 564	570   345   WGM kalgoorie 25c   487   +10   030c   1.1   31   17   100   WGreat Eastern Mm   13   18   1   -1   -1   19   100
35   34 Reducinter   34   173   171   155   125   125   135   1	67   40   Fyork Moost	164   -1   55   12   48   146   122   1000   1000   126   127   1000   128	34   20   Whith Minerals N. L.   253   -1   -
47 333/Si Crasp Sp 35	For Humany Green per Trusts, Fistance, Land	28.3   10   14.3   100   20	12 7 Novambro San 20c. 7 7
258   277   Sensitive Group   277   1.57   5.8   1.0   23.5   1.23   105   Barris Godines   105   4.5   6.1   6   6.1   6	103   74   Runchan (W.)	20   10   18   9   34/9Majort Group 10c   84	2013 127-Whitnet Sees, SAB, 25 14 41, 17 15 18 1115 0c 139 19 19 19 19 19 19 19 19 19 19 19 19 19
44 79 Steeningk 100 30 275 1.3 13.2 (77) 99 85 Peny Group 98 425 2.3 6.2 10.2 10.0 10.0 10.0 10.0 10.0 10.0 10	45 32 Headlem, Sins 50 39 150 84.79 3.6 4.6 7.6 199 16.9 Marry Sindir Markets 196 197 19.6 19.6 19.6 19.6 19.6 19.6 19.6 19.6	116 -1 2.5 \$\phi\$ 2.1 \$210 \$\phi\$ 21 \$\pmi\$ see Court Nat 5p. 24 \$\pmi\$ 1.5 2.1 8 9 6.3 \$\frac{1}{24}\$ \$\pmi\$ 1.2 \$\phi\$ 2.1 \$210 \$\pmi\$ 7 Ries London 0.1 5p. 97 \$\pmi\$ -5 \$\pmi\$ 1.5 2.1 8 9 6.3 \$\pmi\$ 1.68 \$\pmi\$ 2 \$\pmi\$ 1.9 1.3 \$\pmi\$ 1.2 along 0.4 5p. 1.9 1.3 \$\pmi\$ 1.2 along 0.4 1.6 0.7 \$\pmi\$ 1.2 4.0 \$\pmi\$ 1.1 \$\pmi\$ 1.2 along 0.4 1.6 0.7 \$\pmi\$ 1.2 4.3 80 \$\pmi\$ North Hydro 0.7 2.5 890 \$\pmi\$ 5 \$\pmi\$ 0.4 1.4 4 4 5 5 6 \$\pmi\$ 1.2 \$\pmi\$ 1.2 \$\pmi\$ 1.5 \$\pmi\$ 1.0 \$\pmi\$ 1.5 \$\pmi\$ 1.0 \$\pmi\$ 1.	316 203 WPero-Waitsrid 50c. 227 +8 79c 145 20 1113 51-5WPetsri Ret MI. 313-14
1245   1245	74 50   Abercan R0.30	3003	16
276   145   Std. Fleworks   245   5.79   4   5.91   4   6.20   470   10.   Inc. Tromsord   470   10   15.56   2.9   3.4   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   4.6   6.3   6.	332   246   SABrew 20c	3.0   1.1   3.4   -58   38   6Peroper Peroperation   42   -1	290   212  Aper Hitage SM1   215     #01404 1.0 [19.0
#227 177 Samilat Serv. 100 177 93 22 73 83 220 Red. Newspapers 260 1-51 34.5 1.5 19.0 111.0 12.0 12.0 12.0 12.0 12.0 12.0 1	109   Alkies Broz.   140   42   5.55 0.9   5.5 32.2   340   298 Rectorm	286 (988) 10 47 500 105 [Saxon 50u 345 6 0 102 31.9 - 0.3 428 252 [Steeper Rets] 262 [18 - 1 5.0 1.0 5.8 795 645 Shell Trans, Reg 668 - 17 3318 3.7 7.1 142 16 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	175 90 Esperig Berhad #\$0.50 102 9\$0.16
316 8 TSL Ta' wal Symb. 230 -3 14.0 9.5 10.6   TBL 18 wal Symb. 230   32   4.0 9.5   4.2   4.0   4.0   5.0   4.2   4.0   5.0   4.0   5.0   4.0   4.0   5.0   4.0   4.0   5.0   4.0   4.0   5.0   4.0   4.0   5.0   4.0	123   Courtants   128   -3   5.0   6   5.6   6   611½ (110 Revente NV F1.10	20   8   95   95   95   95   95   95   95	285   160   Fraugory I 50
190   105   Transpert Dec.   120   5.6   1.8   6.7   10.0   195   123   472apu   Lodge   10   123   2   191.72   2   2   191.72   2   2   2   2   2   2   2   2   2	22	447 1145 1.1 46 250 1.96 Ultramar 203 -2 1007 30 70 5.3 75 14.871.0 36 72 30 Warmor Resu 31 +1 3.1 75 3.5 3.5 3.5 41 75.17 1.0 3.1 64 1.7 Weeks Autralia 42 42 42 45 5.5 5.5 +1 7.5 1.1 3.1 2.9 42 +3 63.75 43 8 Woodstee ASc 65 -1 46 45 1.0 1.0 5.5 5.5 6 -2 75.4 1.0 1.0 5.5 5.5 6 -2 75.4 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	170   70   Wotfries Corn.   72   -3   170   17
46 20-20 group 1-59 216 3 35 52 22 48 178 475 350 Fisch & Co. 100 55 533 25 1.734.3 125 1.734.3	6.1 46 Luster (Robert H.) 58 -2 0.1287, 0.2 16.7 123 108 Securities 74.5co 33 69 55.1.4 11.4 8.1 132 102 102 10.1 11.5 50 50 14.5 11.4 8.1 132 102 0.1 11.5 Cont. 2003-4. 70 (Maxicay Hogh	116 40 10 4.9 95 55 Bookent 100 55 4.15 100 1-7 10	375 245 Proringale CS1
206 105 Viletes Err. 209 147 +15 315 \$\phi\$ 31 \$\phi\$ 225 124 \( \begin{array}{c ccccccccccccccccccccccccccccccccccc	132   Pantheretis   137   133   29   34   14.5   100   76   178 Australa Trest   137   137   138   14.5   100   76   178 Australa Trest   137   138   137   138   137   138   137   138	247 75 11 36 70 42 licron invers 68 210 - 21 - 295 - 9.0 6 75 11 15 2 52 48 locan invers 68 210 - 21 - 295 - 9.0 6 75 11 11 11 12 170 127 Par'son Zoch 100 160 -3 15 15 48 46 49 9 121 - 2 11 1 1 12 170 124 Do. 21 NV 100 160 -3 15 15 48 46 49 9 136 136 3 355 4 37 268 205 Par's Peck Intil 100 - 215 - 3 15 15 48 46 49 9 136 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Unless otherwise indicated, orders and net directeds are in serior and comprehensions are 25p. Essumated procedurators are stated and covers are based on labels demand reports, and accounts need, where procedure are updated on labilyoutly logares. PELs are calculated on "the" ones insulion basis, summings per share from compression on profit offer lacation and surelieved ACT where applicables, brackered logares redicate 10 per cent or more difference of calculated on "the" distribution;
81 66 Weer's Group Ins. 76 55 1 11.20(1.6 Act 1955)	138   115   Do Lilor Cum Pri   115   0107%   124   - 401   371/31700, Set. Growth     59   40   Struck Riley Drid   40   225   6   83   6   278   288   Do. Cap & 1     140   772/Summer (F   1   13     -   250   210   Brugmaren Trusk       100   64   Feet of Jan Struck Riley Brugmaren   7   125   125   125   126   100   126	113 4.65 10 50 85 55 Syne Barb, MS0.5 60   old.0.6.2.6 1.5.3   11.9 4.0   10.7   27.4   1.5   1.1   0.5   1.1   0.5   1.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1   0.5   1.1	7 Interim stace lacreased or resumed. 2 Interim stace reduced passed or deferred.
138 122 Do. Spc Com CePf C. 131 -1 5.07% -13 144 111. Smith (Darde St. 20) 134 -1 25 0.9 2.7 (2.5.7 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	171   197   Toray V50	700 65.52 0.8 48 235 180 Angle interest 1.50 -3 7.0 50 5.6 5.6 5.7 2.8 2.8 2.8 2.8 2.8 2.8 2.8 2.8 2.8 2.8	\$\frac{\pi}{2}\$ Tan-irre to assert-selects on application.  Figures or report availed.  Figures or report availed.  Not billocatly Uh Inted, dealings permitted under Rule \$554.0 Mail  USM: not isseed on Stock Exchange and company and subjected to same deeper or regulation as Bisted Securities.  Deals in instance Rule \$355.3 i.  Price at time of separation.  Indicated Gousteed after prenting scrip and/or rights (6560; cover relates to previous dividend or forecast.
INSURANCES   PROPERTY	TRUSTS, FINANCE, LAND  1985  Stock  Price  + or   Div   Yrd   1985  Inyestment Trusts  193   162   Aberdee Trust   177   -1   tb.81 1.0   5.6   201   88   Alisa ton   99   11.4   1.1   2.2   410   260   Abroyd Smithert   267   267   388   Alisa co   71st   6.10   1.7   251   251	Ind, etc   74   66   43   Major Piri MS1   45   v018d 1.3   1.1.7   68   70   Rove Evars lev. 10p   70     2.25   2.6   4.5   68   70   Rove Evars lev. 10p   70     2.25   2.6   4.5   70     2.25   2.6   4.5   70     2.25   2.6   4.5   70     2.25   2.6   4.5   70     2.25   2.6   4.5   70     2.25   2.6   4.5   4.5   70     2.25   2.6   4.5   4.5     2.25   2.6   4.5   4.5     2.25   2.6   4.5     2.25   2.6   4.5     2.25   2.6   4.5     2.25   2.6     2.25     2.25     2.25   2.6   4.5     2.25   2.6     2.25     2.25   2.6     2.25   2.6     2.25   2.6     2.25   2.6     2.25   2.6     2.25   2.6     2.25   2.6   3.5     2.25   2.6   3.5	Same totering: reacced final areless reduced earnings indicated.     For e28th dividend, cover on earnings updated by latest interior statement.     Cover afflows for conversion of states not allow ranking for dividends or ranking only for restricted dividends.     Cover does not show for states which pure also for dividend at a future date. No P/E : asio usually provided.     No not value.
237 C311_Cambbed int, 31	65 57 Altifund lac	0   20.0 ¢ 11.0 ¢ 815 (750 Morantin   775   22.0 ¢ 23 6	O.F.: Belgiam Francs. Fr. French Francs. §§ Vield based on assumption Treatery Sill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other often extensive a Cents. 4 Destinant are paid or populate on part of central, cover based on distinct on this capatal, exception of the capatal of population yield. Flat yield is Accommed distorted and yield. A Accommed distorted and yield. A Accommed distorted and yield. A Accommed distorted and yield after strip issue, 1 Payment from capital sources. 6 Kenya, an interior higher than previous total a Rights, store peeding, a Earnings based on presuments friended. The control payment. I implicated distinguistic cover relates to presume stituted, PEE ratio based on isotes annual naturally. 6 Forecast dendered, career based on previous year's
306 224 Hom Rehman 244 -3 8.0 \$\phi\$ 4.8 \$\phi\$ 228 134 Cas & Courte 255 65.3 L5 3.4 Cct. 7 200 168 Howard Group 50 170 +2 bq.4.2 3.2 15 12.5 137 109 0.8 kgc.la 1990 0 122 275 0.6 13 75 75 178 145 Cardif Prop 210 179 0 279 0.6 13 175 175 178 125 Cardif Prop 210 179 0	210   128   WArpo lev (ASI   147   -3   012%   1.1   4.1   115   67   Barisma Arrow   1.1   124   1.1   1.5   124   1.1   1.5   126   1.0   0.9   1.0   0.9   1.0   0.9   1.0   1.	7 *1 2.5 2.3 3.7 15.1 (95.2 CT4)Randfunce En. R2	y Dividend and yield based on nevipe terms a Dividend and yield include a special parmieri. Gover does not apply to special payment. A Net dividend and yield 8 Preference dividend passed on delerred C Canadian E Minimum tender price F Dividend and yield based on prospectus or other official etimates for 1994-85 C Assumed devidend and yield biter pending some and or rights state. N Dividend and yield based on prospectus or other official programmes of the property of the prospectus of other official programmes and the property of the property of the property of the programmes and programmes and programmes a
307 162 Milest Hidgs, 20p	176   104   Border & Stim. 10p	#4	1984 M Devident and yeard based on prospecture or includ retination to 1984 M Devident and yeard based on prospecture or other official estimates for 1985-96 M Devident and need based on prospecture or other afficial estimates for 1985-96 P Pulsers based on prospecture or other official estimates for 1983. It forms IT Figures assumed, 2 Unident total to state.  Abtervioritions: up or devidend; at on scrip issue, or on sights, is on all; at or capital distribution.
410 328 #Steel Barrill J.10; 388	221   127   Charter line   100   221   110   128   0.7   522   317   Word One way 30.10   32   32   32   Chart line   100   212   22   250   35   357   120   Hord One way 30.10   32   35   357   120   Hord One way 30.10   32   35   357	2     35   15   69   9.7   164   117   104   10mmen 35c	The following is a selection of Regional and Irish stocks. The latter being quoted in Irish currency.   Albany law 20p
708   576   With Fater   600   -2   15.0   2.2   3.1   2.0   76   69   Even of Leed:   76.0   -2   3.37   6.51   6	345 11 City & Com. Inc	030.0   0   11   0   257   170 Decimal R0.20   193,   030c   6   62   7.7%   0   3.9   0   164,   103 y   100 y   10	Hold Libra 250 725 Hail (0, 8 H.] 56 1-1  John Sim. 51 725 Heath Holgs 15 1-1  John Holgs 15 1-1  Jack Holgs
67 6.7 (A.S.TV Pref. 11 18.	22   Do. 120 Warrants   23	7   0.9 10   23   23   20 9   522   342 Martchers 10	(International Edition Page 32)  This service is available to every Company dealt in no Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

#### RECENT ISSUES

## Strong sterling stimulates Gilts but pushes equities to low point for year

Option First Declara- Last Account

Dealings tians Doalings Day
July 15 July 25 July 26 Aug 5
July 29 Aog 8 Aug 9 Aug 18
Aug 12 Aug 29 Ang 30 Sept 9
""New-time" dealings may take
place from 2.30 am twa business days
sarder.

Currency fluctuations determined the treod in Loodoo stock mined the treod in Loodoo stock markots yestorday. A good performance by sterling pushod Government securities shead as overseas funds were attracted. Monoy markot rates reversed their recent upturn but leading shares gained little comfort from preculation about another reducspeculation about another reduc-tion in bank borrowing charges. International and other blue chip issues alipped back further to new 1985 low points, inducoced hy concern over the effects of the pound on expart competitivethe pound on oxpart competitive-noss and on foreign earnlogs.

Tho exchange rate's bounce back against the dollar — it touched \$1.4210 before easing to \$1.4110—led to aizeable support of Gilt-edged stocks. All maturi-ties surged higher but the largest gains were recorded hy longer-dated Gilts. Some rose almost a point bofore the advance lost momentum gearing the authorimomentum oearing the authorities tap levels. The Government

ties! tap levels. The Government hroker is expected to be a seller of both recently-created £200m tranches of Treasury 11; per cent 2001-04 and Exchequer 8; per cent 1998 if bid slightly more than prevailing market levols.

Deckining wholesale money rates directed considerable interests towards shorter oraturities. Turnover expanded and currently popular trading stocks ties. Turnover expanded and currently popular trading stocks went half a point higher before drifting away from the day's best prices. Indev - linked issues, which often suffer when conventional stocks perform well, also found favour and improved ‡ in places.

Awaiting news from the OPEC meeting in Geneva and Thursday's half-voarly results from market leader ICI, equity investors were further distracted by the events in the bond market. The upshot was a slow trado with values tending to ease on anly routine small salos. Although most South African-based stocks settled after Monday's upset. settled after Monday's upset. Standard Chartered weakoned further. Illustrating the day's averall trading pattern, the FT Ordinary share index was less than a point down at 10 am but slipped to stand 6.8 lower at 2.30 pm hefore rallying to end 4.2 down on balance at a new closing low for the year of 921. low for the year of 921.1.

Standard down again Standard Chartered fell 15 more for 8 two-day decline of 37 at 458a on continuing concern about its South African interests in the light of the situation there. Standard Chartered fell 15 more for a two-day decline of 37 part of 15 at 458a on continuing concern about its South African interests in the light of the situation there. Barelays were similarly afferded and space up: 60 more at 377p. Other clearers drifted lower for want of subsoort. Midland closed down at 378p and Llayds a few pense off at 392p, NatWest, which is due to commence the interim dividend season next Wednesday, softened a couple of the stone gave another lacklustre with Acorn Computor's refinancing package. Bawthorpe moved up 16 to 344p and Rotaflex rose state in the package. Bawthorpe moved up 16 to 344p and Rotaflex rose states and edged up 4 to 390p, but Marks and Speacer cumbed to profit-taking and lost closure that House of Fraser had closure that House of Fraser had last week's announcement that increased its strategic stake in Debenhams to 1143 per cent wade no spparent impact on the Evered. However, jumped 17 more to 242p. Elsewhere in Debenhams, ended 2 off at 446p.

peoce to 678p. Hambros rallied 10 ta 145p among morchant banks, but J. Rothschild, 21 96p, gave back 4 of the recent specu-lative improvement; Hanson Trust confirmed yesterday that it had acquired a small stake in

was in very low koy. With nearly 95 per cent of the issue loft with the underwriters, the shares fluctuated narrowly some 30p below the offer price af 200p prior ta closing at 171p.

News that Guinoess had heen

gives the so-shead to proceed with its offer for Arthur Bell without reference to the Mono-polies Commission took the latter polies Commission took the latter up to 2559 infore a close of 10 higher on balance at 245p; Guinoess finished 6 down at 244p on thoughts that it would have to increase its after ta stand a chance of success. The Trade Secretary's decisian not to rafer the Guinness bid for Bell fuelled hopes that the current Monopolies. Commission inquiry will leave Scottish and Newcastle free to launch another offer for Matthew Brown; MB gained 15 to 385p but S & N closed unchanged at 142a, after 140 pp. Elsewhere. Allied-Lyons gave up 4 to 220p while Whitbread hardened a couple of Whithread hardened a couple of pence to 21p. Farshaw Burion-wood Brewery shed 5 to 435p fallowing the rights issue oroposal. Distillers settled 4 off at

posal. Distillers settled 4 off at a year's low af 274p.

The general level of trade in the Building sector was low, but a few Contracting and Construction issues met with revived support following reports that the Government's attitude towards intractively reports at the coverage of the contractive processing was soft. infrastructure spending was soft-oning. Taylar Woodrow moved up 10 ta 455p and George Wimpey firmed 3 ta 1310. while Jahn Laing rozo 4 to 254p and John Mawlem gained 6 to 252p. Else-Mawlem gained 6 to 252p. Elsewhore, Manders, up 4 more at 185p, continued to reflect the agreed acquisition af Prudential Corporation's leasehold interests in the Mander Ceotro, Wolverhampton, but Mr Jim Raper's Milbury came uoder further nervous selling pressure in the vous selling pressure in the absence of any clarification af reports concerning possible cash flow problems and followed Mon-day's decline of 24 with a fresh

fall of 8 to 42p.

ICI slipped to a year's low of 678p prior to settling only a penny cheaper on halance at

Stores gave another lackhistre

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times.

the Institute of Actuaries and the Faculty of Actuaries

## FINANCIAL TIMES STOCK INDICES

		-		_	. —		
	July 23	July 22 .	July 18	July 18		July 16	ago year
novernment Secs	93,29	62.95	23.08	23.3 <del>9</del>	B3,56	63,16	76,09
Fixed Interest	88,20	88.14	88,15	88.80	88.00	a7.65	80,65
Ordinary V	921.6	225,3	355,4	252,8	a35,6	228,7	763.5
Gold Minas	520.7	385,2	404.e'	407,2	410,8	5ea.o	488.2
Ord. 12 v. Yield	6.03	5.a1	4.e7	4.23	4.92	5.00	5.29
Earnings, Yid.% (full:	12.00	1a.61.	12.40	12,46	13,45	12,47	12.21
P/E Ratio (net)  *)	8.75	9.75	2.95	2.81	2,81,	2.79	. 2.83
Total bargains (Est.)	1a,500	12,558	12,250	12,753	12,500	12,280	17,230
Equity turnover &m.	_	a02.96	600,67	414.0	468,8	071,4	187.21
Equity bargains							
Shares traded (mi)	_	123.5	103,5	205,0	209.8	175,1	115,5
			· · · · · ·			`	

♥ 10 am 924.4. 11 am 923.3. Noon 220.7. 1 pm 930.1. 2 pm 818.7 3 pm 918.3 4 pm 920 9

Oay's High 924.2. Day's Low 212.5. 2asis 100 Govt. Seca. 16/10/28. Fixed Int. 1928. Ordinary 1/7/35. Geld Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

* Nil=9.40.	•
HIGHS AND LOWS	S.E. ACTIVITY

		_					
	1985		Since Co	mpliat'n	July July . 22 12		
	High	Low	Nigh	Low	Dally		<del>                                     </del>
Govt. Secs.	88.56 (17/7)	78,02 (28/1)	187.4	49.12	Gilt Edged Bargains Equities	8,001	134.7
Fixed Int	86,26 (16 7)	23.17 (28/1)	150.4		Bargains Value 5 dayAverage	a5.5 011.3	96.7 607,7
	(22/1)	921.1 (23:7)	1024.5	126(5(46)	Gift Edged Bargains Equilies	166,0	162.4
Gold Mines	556.2 (15/4)	385,2 122/71	784.7 (15/2/85)	43.5	Rargeine	39.8 750,2	102.0 752.a

Case dull

CASE dropped to a 1985 low af 180p before closing 15 down on balance at 187p owing to a chart "sell" recommendation. Ferranti succumbed ta ronewod selling in the molecular in t selling in the wake of e broker's downgradod profits forecast and lost 6 more to 116p, while International Signal and Control eased 5 to 255p ahead of today's annual meeting. The recent profits warning continued to avershadow Microvitee another 2 lower at 38p, but AB Electronic firmed 10 further to 270p on satisfaction with Acorn Computor's refinancing package. Bawthorpe moved up 10 to 334p and Rotaflex rose

Alfred Preedy gave up 4 to 106p despite increased annual profits, but Rowland Gaunt put an 5 ta 40p an reply to encouraging interim figures.

ahead of today's preliminary statement. H. C. Slingsby moved up 8 more for a two-day jump af 18 to 173p on further consideration of week-end Press reports af a bid aporoach worth 220p per

INDICES

Foods drifted easier in the absence of buying interest. Cad-bury Schweppes slipped to a year's low of 144p prior to closing 2 ponny off at 145p, while United Biscuits lost 4 to 164a and Asso-ciated British Foods 2 to 2100.

Beecham displayed resilience, rising 8 to 323p in helated respanse ta weokead comment on

Beecham better

are scheduled far August 5. Cookson remained a friendless market at 268p, dawn 12, while market at 268p, dawn 12, white Naltan gave up 4 at 44p as did Parkfield, at 90p. Jahnson Matthey, however, jumped 8 to 101p in reply to a Rowe and Pitman "huy" recommendation and AAH gained 5 to 139p, after 142p, fallawing botter than expected annual profits. News of its military systems division's ECM equipment contract buayed Vinten, which advanced 15 to 147p.

pany's current loss-making sub-sidiary. Leisure Industrios. Jaguar initially fell to 248p on profit-taking, but subsoquoatly rallied well on American huying

Scottish Northern Investment Trust roso 3 to 142p on nows of the hid from Throgmarton Trust, a few perco casior at 225p.

Shell easier

Business in the oil sector remained at a low level and prices retreated from the autset reflocting lack of interest. Reports late io the day thet OPEC ministers were on the verge af agreement regarding crude oil price differentials produced a minor rally in the leaders, but they still closed with widespread falls. Shell, additianally unsettled by the rise io leaders, but they still closed with widespread falls. Shell, additian-ally unsettlod by the rise io sterling against the dollar, dropped 17 to 668p, while BP settled a net 5 off at 508p, after 505p. Britoll dippod to 198p. despite a report suggesting e despite a report suggesting e major gas discovery off the formation of the day anly 2 easier at 201p. The Shetland gas discovery repart prompted early support for Soveriegn Oil, which improved to 144p prior ta closing only 3 harder an halance at 188p. Falcon Resources continued ta hold the limelight in secondary oils and railled sbaroly ta close

oils and ralliod sharply ta close 7 better at 55p, after 58p, fallowing the reassuring statement from the chairman. Cluft Oil also staged a recovery, adding 5

to 28p following news that the company has been granted permission by the Japanese Livestock Industry Promotions Corporation to export beef to

respanse ta weokead comment on its "eminase" drug prospects; the annual general meeting is today. Other miscellaneous industrial leaders drifted lower with Metal Box closing 7 lower at 428p on concern about its South African interests. Reed International lost 12 at 628p following the annual meeting. Elsewhere, profit-taking in the absence af the rumoured bid left Bowater 4 easier at 276p, while British "Acrospace fell 10 further to 303p still reflecting concern about the future of the European fighter aircraft project, in which it bas a 25 per cent interest. Currency influences depressed Scapa, which dropped 20 to 378p, and Reuters "B", 7 lower at 278p; the latter's interim results are scheduled far August 5. Cockson remained a friendless with the following the renewed weakness in the dollar. Consequently, dealers marked gold shares higher at the outset and prices continued to gain ground during the morning in the wake of sustained support from the Continent, most notably from Switzerland, and Sonth Africa. However, after midday confided and most issues tonded and such issues tonded and most issues tonded and most issues tonded and most issues tonded and such issues tonded to South African sectors of British Funde ......

nining markets were much Corpus born & Foreign Bonds ....

tending affor the heavy losses However, after midday confidence in the sector was again eroded and most issues tended to ease hack from their best

market at 268p, dawn 12, while
Naltan gave up 4 at 44p as did
Parkfield, 8t 90p. Jahnson
Matthey, however, jumped 8 to
101p in reply to a Rowe and
Pitman "huy" recommendation
and AAH gained 5 to 13pp, after
142p, fallawing botter-than-expected annual profits. News of
1ts military systems division's
ECM equipment contract buayed
Vinten, which advanced 15 to
147p.

Travel concern Harizon dropped 10 to 95p following an adverse Press view an current trading prospects; major share-halder Bass foll 12 to 540p in sympathy. Elsewhere in the personal trading prospects; major share-halder Bass foll 12 to 540p in sympathy. Elsewhere in the provided firm features in Rusten-hung, 16 up at 640p, and Impala today's annual results, but Riley
Leisure shed 4 to a year's low of 35p after comment an the com-

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FL177

FI. 75,70

FL194

FL347

FI. 75.20

11.80 FI.121,30 6.50 FI.88.10 - FI.311.0a

7,20

4.60

4.70

1.9a a.80 . 7.50 2.1a 17

49 73 —

**EUROPEAN OPTIONS EXCHANGE** 

2.20 2.20 2.20 2.50 2.50 2.50 1.80 6.1 1.20 4.50 4.50 5.7a 7.30

F1.600 a7 F1.600 a7 F1.600 a7 F1.600 a7 F1.600 a8 F1.940 a8 F1.940 a8 F1.940 a6 F1.920 a6 F1.920

TOTAL VOLUME IN CONTRACTS: 26,344

ABN C
ABN P
AEGN C
AEGN P
AH C
AH P
AKZO C
AKZO P
AMRO C
AMRO C
AMRO P
GIST P

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NATN P PNIL C PHIL P RD C RD C

11.56 11.42 11.27

11.44 11.34 11.23

12.89 13.00 13.03

Fields followed Monday's 23 fall with a further 9 decline at 483p. while Rio Tinto-Zinc dipped 5 more to a year's law af 537p. Australian Golds cootinued to make good progress an the view that the civil unrest in South Africa will encourage much greater support for poltically acceptable "down-under" issues. rallied well on American huying to close a penny deargr on halance at 254p.

Among Paper and Printings, Richard Clay, currently in recolpt af an unwolcomo offer from McCarqoodale, shed 6 ta 138p; the latter retreeted 13 to 140p Takeover favourito DRG lost 5 ta 172p, but USM-quated Morgan Communications gained that amount, to 135p.

Milfard Docks were outstaodiag amang Sbippings, rising 5 to 87p, aftor 88p, an revived takeover apeculation.

Fallowing the annual meeting. Courtaulds drifted back to 127p prior to closing a net 3 off at 128p.

Scottish Northern Investment in 1,000 calls; over balf af Westonia gold mining project.

Businoss in Traded Optiaos improved with 8,792 doals dane, comprising 6,111 calls and 2,681 puts. Imps attracted a good trade an Ho-Jo sales bopes and 1,227 calls were atruck—950 in the August 180's. Commercial Union were also ective ahead af next month's intorim figures, recording 1,000 calls; over balf af these were transacted in the July 200's.

## **NEW HIGHS AND**

Evans of Leeds PROPERTY (1)



#### RISES AND FALLS YESTERDAY

Totals 416 243 1,618

**ACTIVE STOCKS** 

Above everage activity	Was n	eted in
the lellowing Stocks y	esterday	
	Clasing	Oay's
Stock	price	Change
8833	540	-12
Zell (Arthur)	245	+10
8P	508	- 5
2ritish Tolecem	183	ffi 2
Brown (Matthew)	385	+15
CASE	187	-15
Ceurtaulds	128	- 3
Falcen Resources	55 .	+ 7
Jaguar	254	i i
Mirlord Oocks	87	+ 1 + 5
Royal Insurance	886	- ŏ

**EQUITIES** Do.'A' Lim. Vtg.0rd. 57a

#### **FIXED INTEREST STOCKS**

Amount buce though	Letest Renune, dete	1985 Nigh Low	Stock	+ 9
88,468 £53 92,886 £53 92,886 £53 90,705 £30 99,22 F.P. F.P. 100 F.P. \$100 £10	12,2 37,9 13:3 25:2 6:9 22:7 26:7	185   185	Boddingtons 21:2 Ov. Uns. Ln. 208/05/ 30:0 C. H. todustis. 72 Cmv. Qum. Prf. 30:0 Prf.	17 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -

#### RIGHTS OFFERS

							••
issue price	Mount ald up	Latest Renunc.	198	5	Stock	Ofering	<b>+</b> or
	· 4 =		High	Low '		20	j
165	NIE	13/2	16pm	брл	Baker Perkins 60p	5pm	1
180	F.P.	: -	42pm	40pm	Bestwood 16p	40pm	
33	F.P.	16/8	374	50	+Bio-Isoletes	55	!
33 146	F.P.	2/8	175		Blue Arrow		i5
100	NII	30/8	2pm		Cobra Emerald Mines	14 pm	
280	NII	1 00.0	46pm	4500	Extel	46pm	
188	100	28/10	123	22	Nanson Trust		1
210	F.P.	4.3	410		Haziewood Foods 20p		
280	F.P.		295		London United 20p	278	
285	F.P.	8/8	620		Milis & Allen		+6
77	NII	28:8	3r Pm	lane	New Cavendish 5p.	12 pm	
120	· Nii	30/8	Bpm	- Shut	Prestwich		
186		1 00/0	1874	177	Crestwich	177	
600	F.P.	20/8	700	643	Sunlight Service 10p	200	1-41
	F.P.	-0,0			Union Discount £1	680	
A51.26	MI	1 -	l 5pm	əpm	Woodside Pet. A\$0,00	5pm	

#### First Last Last For Deal- Deal- Declara Settle-Stock Barcleys ...... r rate indications see end of Share Information Service

PUTS

61<sub>2</sub>

20 45

16 27 48

20

Feb.

#### ings ings tian ment July 8 July 19 Oct 10 Oct 21 July 22 Aug 2 Oct 24 Nav 4 Aug 5 Aug 16 Nov 7 Nov 18 687 48 280 492 185 313 880 127 315 203 282 197 Call options were taken out in Premier Cans, Brunswick Oil. Bowier, Falcon Resources, Petro-Bowler, Faicon Resources, Petru-nol, STC, Hanson Trust, Narth Kalgurlie, Pentland Industries, Southwest Resources, Angla United Develapments end Boots. No puts or doubles were arranged. **LONDON TRADED OPTIONS**

#### PUTS Nov. Feb. | Aug. Nov. Jly. Oct Jiy. Oct. Jan. 90 100 96 14 -7 44 216 169 612 413 216 Sept. Dec. 37 20 12 42 25 26 12 6 Traf gar Hae 290 (\*363) 550 566 360 083 7a 47 40 47 11 24 1 a 014 014 112 23 47 25 5 14 5a ā0 55 90 11e 50 17 36 58 86 24 16 42 46 15 5 34 a1 12 6 41 28 18 67 85 27 27 28 | 30 a | 20 50 32 17 30 16 \_\_\_\_\_ 50 | 1a - 37 - 57 \$/OM \*66.09 cts 4.20 0.10 3.50 0.20 2.65 0.40 2.50 0.72 1.80 1.38 Jly Aug Sap Dec. Jly 18 6 3 11<sub>2</sub> FT-SE 1900 — 6 57 — 6 17 12331 1280 31s 16 36 45 28 32 1275 1350 — 11 22 48 53 11 2550 — 44 10 — — 12 4 1 1 24 5 16 18 719 37 — 67 | imperial 0r. | 160 | | (\*166) | 180 | | 300 | | 223 | 45 8 28 20 20 59 — 48 23 15 8 4 July 23 Total Contracts 9,782. Calls 9,111. Puts 9,681 \*Underlying security price

#### **EQUITY GROUPS** July 19 They July 18 Mon July 22 Tue July 23 1985 & SUB-SECTIONS stocks per section | No. | Charge | (Nam.) | (No.) | 1873 | 1874 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 1876 | 187 1 | CAPITAL COODS (205) Packaging an Stores (42) ... Textiles (17). Tobaccos (3). CTHER E22UPS (101) Chemicals (19) Office Equipment (4) Shipping and Transport (12). Miscellaneous (64) Telephone Networks (2) INDUSTRIAL GROUP (483). FINANCIAL GROUP (125). Banks (6)..... ALL-SHARE INSEX (739) 11.70 599.12 603.26 602.04 464.84 Index Day's Day's Day's July July July July No. Change High Low 22 19 18 17 26 1233.1 -8.0 1237.6 1229.1 1241.1 1252.5 1248.6 1247.3 1239.5 FT-SE 100 SHARE INDEX ... 妙妙 Mon July 22 **FIXED INTEREST** xd adj. today Day's change % Mon July 22 nd adj. 1985 to date 11.92 11.55 18.93 12.97 12.12 11.34 12.99 12.23 11.35 19.80 10.17 19.26 19.26 11.06 10.59 10.14 11.14 18.72 19.24 19.08 30.07 19.18 10.18 10.94 10.50 10.08 11.04 10.16 10.01 British Gove +0.24 118.32 2 5-15 years ... 132.21 +0.55 131.48 139.27 +0.63 | 138.39 6.87 3 Over 15 years... +0.58 149.69 7.27 150.55

7.50

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BRITISH GOVERNMENT INCEX-LINKED STOCKS

138.24

11250

8 All stocks ....

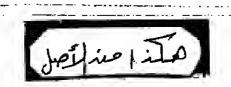
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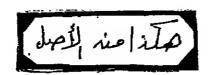
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ONDAY'S TIVE ST



## WORLD STOCK MARKETS

AUSTRIA [GERMANY   NORWAY   AUSTRALIA (continued)   IAPAN (continued)	
July 25 Price + or July 25 Price	CANADA
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July 23	6100 Centri 71 6144 144 145 -18 200 Kelsey H 5415 415 415 415 5630 Sutpiro 195 190 190 -5 9612 NatBA Cda 5218 2134 2144 115 115 1000 Cineptex 885 674 67 9 -14 1903 Kerr Add 6165 1673 1673 1675 175 2500 Sydney O 27 27 27 275 415 2500 Sydney O 27 27 27 275 415 2500 Sydney O 27 27 275
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Continued from Page 35  According to the continued from Page 35  According to	RISES   PALLS   SACE

Prices at 3pm, July 23

Seminar De la company de la co

18% 1031/2 1

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## **NYSE COMPOSITE PRICES**

## AMEX COMPOSITE PRICES

Prices at 3pm, July 23

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plus the central postal areas in Lausanne and Bern.
For details on how to subcribe phone Denise Morel in Geneva on 022-311604.

## FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

## Upturn on economic optimism

SIGNS that the U.S. economy is on the upward path again brought the huyers back into Wall Street yesterday, writes Terry Buland in New York.

The increase of 1.8 per cent in durable goods orders in June, coupled with a small gain in consumer prices, raised hopes that the second half of 1985 will see the economy hack oo full power, and inflation still under control.

Early falls in hlue chips were smartly reversed as the stock market gained ground in heavy trading. Renewed buy-ing of 1BM and other technology leaders boosted market indices.

By 3pm, however, the Dow Jones in-dustrial average was down 3.38 at 1,354.28.

Turnover was active hut gains in the leaders were trimmed at mid-session and the broader market was slow to join the advance.

The Dow transportation average soared to a new peak as airline issues responded to the split at the Opec minis-ters meeting. Only utility stocks turned downwards, on fears that a rejuvenated economy may mean higher interest

Industrial stocks were held back in the first hour hy further weakness in the bond market, where the latest federal economic data found a less confident response. Credit market analysts rate the chances of an easing in Federal Reserve

1981

STOCK MARKET INDICES

DJ Industrials 1,354.28 1,357.64 1,096.62

158.491

192.68

595.12

647.66

10.16

546.1

100.01

2.313.81 2.311.42

2,047.8° 2,014.1 2,803.3° 2,797.4

218.6

1,673.85 1,689.85 747.02

219.2

186.8

769.23

Prev

914.1 1,006.7

109.48

1,351.99 1,347.15 1,465.40

460.7

223.2

\$321.60

\$318.30

July 23 Prev \$322.00 \$318.25

\$323.00 \$317.30

358.75 208.18

346.53 249.14

477.87 481.44

1,405.8 1,416.3

185.B

345.90

778.69

109.34

461.8

July 22

221.8

GOLD (per ounce)

125.00

1,233.1 1,241.1

**DJ** Utilities

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

**AUSTRALIA** 

All Ord.

AUSTRIA

BELOIUM

CANADA

Metals & Mins

Credit Aktien

Belgian SE

Toronto Metals & Minis

Composi

**Portfolio** 

DENMARK

FRANCE

CAC Gen

HONG KONG

ITALY

NORWAY

SINGAPORE

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Capital Int1

Swass Bank Ind

SPAIN

SWEDEN

WORLD

London

Paris (fixing)

New York (Aug)

Zùnch

Straits Times

SOUTH AFRICA July 23

Hang Seng

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

Ind. Tendance

WEST GERMANY FAZ-Aktien

TOKYO

FT-A All-share

FT Gold mine:

FT-A Long glit

S&P Composite

1982

July 23 Previous Year ago

164.65

194.35

599.12 652.03

385.2

1276283 12771.66 9.703.3

1,042.10 1,042.40 750.09

536.4

99.93

10.24

1983

124.28

148.95

986.9

464.84

500.98

488.2

11.40

53.51

320.40

922.0

119.9

B73.86

849.4

357.8

167.4

\$317.45

\$318.18

1984

Yen FFr

Lira

BFr

End Month Figures

credit policies - significantly reduced in the light of Mr Paul Volcker's report to Congress - even lower, if the economy rebounds.

With the technology industry now regarded as the spearhead of economic growth, the turnround in the market was spotlighted by the big names in the computer industry.

IBM reversed an initial fall to gain a net \$1% to \$131% in hefty turnover. Hard on the heels of Big Blue, Honeywell jumped \$2% to \$67, Burroughs \$1% to \$63%, and Digital Equipment \$1% to \$104%.

Domestic airline carriers to catch the attention of the huyers included American 5% up at \$49%, Delta, \$4 up at \$51% and United \$% up at \$56% despite a large second-quarter loss. Pan American, however, stayed on the sidelines, shedding \$\% to \$7\%.

Boeing jumped \$1½ to \$49% on the order for 10 737 aircraft hy KLM, the Dutch national airline. McDonnell Douglas added \$% to \$86%, while other defence issues to advance included Lockheed, \$% up at \$55%.

Results from the oil industry again left the sector unimpressed. Exxon, the leader of the world industry, eased \$1/4 to \$51% on disappointing results. Phillips Petroleum, at \$12%, was \$% up on their figures. Atlantic Richfield held unchanged at \$58%, also after results.

Union Carbide jumped \$1% to \$51% in heavy trading after Merrill Lynch had upgraded the stock, which has fallen heally since the Bhopal tragedy.

A gain of \$% to \$124% in Celanese followed news of a modest gain in profits. Reconsideration of the second-quarter results lifted Monsanto hy \$2% to \$55%. Du Pont, \$% up at \$60% also stood out in a firm chemical sector.

Other industrial issues affected by earnings reports included Prime Compu-

1000

950

STERLING

4.025

335.5

3.3

12.2075

2,700.0

81.65

1.8757

12 5¼

8%

Price Yiek

99%2 8.90

1001 10.31

104<sup>27</sup>/<sub>22</sub> 10.44

Price Yield

10.10

101

83%

4.03

336.0

12.21

2,695.0

80.85

1.9055

10%

3.3

1985

CURRENCIES

2.898 240.05

8.7975

23785

3.2555

1,944.5

INTEREST RATES

U.S BONDS

July 23

991/32 8.919

100% 10.311

81 8.70 83% 11.00

10525 10.595 1052 10.60

10.10

101% 11.65 101%

75-28 76-02 75-18 75-27

92.72 92.74 92.60 92.74

92.04 92.08 81.97 92.04

91.70 91.81 81.65 91.69

112-25 113-04 112-17 112-04

July 23

£1,058.00 £1,076.50

£1,487.50 £1,591.50

439.40p

\$27.05

434.75p

\$27.05

COMMODITIES

12¼ Dec 2012 100.75 12.15 100.75 12.15

FINANCIAL FUTURES

Latest High

10424/2 10.459

July 23°

10% March 1993 97.10 11.20 97.10

58.1 1.4

U.S. DOLLAR

July 23 Previous

2.8505

237.8

3.2045

1,905.5

57.25

3-month U.S.S

6-month U.S.S

DИ

U.S. Fed Funds

1995

11% 2015

Corporate

10% June 1990

3% July 1990

8% May 2000

10% May 2013

11.80 Feb 2013

Source: Salomon Bros

U.S. Treasury Bonds (CBT)

U.S. Treesury Bills (IMM)

Certificates of Deposit (IMM)

51m points of 100%

\$1m points of 100%

S1m points of 100%

20-year Notional Gilt

£50,000 32nds of 100%

LONDON

Sept

Sept

(Landon)

Silver (spot fixing)

Oil (spot Arabian light)

Abbot Lab

CHICAGO

Diamond Shamrock

Federated Cept Stores

Treasury

11%

U.S.3-month T-bills

8.66

KEY MARKET MONITORS

FT Actuaries All-Share Index

#### ter, \$1/2 up at \$19%, Gould \$1/4 better at \$25%, and Ingersoll-Rand, \$% higher at

Motor stocks lagged behind the market with investors taking a cautious view of Toyota's decision to build a plant in the U.S.

Borg-Warner rallied \$% to \$22% after the board forecast a better performance in the second balf.

Phihro-Salomon, the Wall Street trad-ing firm, traded heavily after disclosing increased quarterly profits, and the stock added \$1% to \$45%. Also active in financial stocks was American Express

\$% up at \$46% after lacklustre earnings. However, Chuhh plunged \$1% to \$70% in response to its second-quarter state-

A hatch of trading results from the consumer sector brought no fireworks. McDonald's, the hamburger franchiser, remained steady at \$68%, while PepsiCo fresh from its media hattle with New Coke, added \$\% to \$59\%, both on results.

But department stores looked unimpressed by lower quarterly earnings at Sears Roebuck, down \$\% at \$37\%. Dart & Kraft, the Tupperware to processed cheese group, eased \$% to \$37% after reporting increased earnings.

In the credit markets, the effects of the federal economic data were balanced hy a dip in federal funds to 71% per cent. But short-term rates did very little while awaiting news from the auction of two-year Treasury securities. Bonds steadied from their early falls but saw only moderate trading interest.

#### LONDON

## **Currencies** dictate the pace

CURRENCY fluctuations determined the trend in London yesterday. A good performance hy sterling pushed Government securities ahead as overseas funds were attracted.

Money market rates reversed their re-cent upturn but leading shares gained little comfort from speculation about an-other reduction in bank borrowing

The FT Ordinary share index stood 6.8 lower at 3.30pm, but rallied to end 4.2 down at a new closing low for the year of

Longer-dated gilts advanced by almost a point at one stage and index-linked issues improved by about 4. . Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30-31

#### SOUTH AFRICA

A PARTIAL recovery was staged in Johannesburg yesterday as gold shares recouped some of Monday's sbarp losses.

Reserve Bank governor Mr Gerhard de Kock said the selling of gold and industrial issues following the state of emergency declaration had been relatively small, and said the main factor in the market remained the gold hullion

Randfontein added R4 to R192 after falling R13 on Monday and Buffels rose

IN AN effort to reduce speculative buying, the Bombay Stock Exchange has decided to impose a 40 per cent margin on the buying of all 46 shares traded. A decision has also been made, effective immediately, to cut trading to one hour a day from three.

Corporate tax incentives introduced in the last budget and India's liberal economic policies in general have boosted share prices across the country recently. The Economic Times index at 555.7 yesterday was up 229.5 from its March level when the hudget was presented.

## Frankfurt exposed to rate impact

A WIDE range of factors such as currency rates, oil prices and company results combined to produce a diversity of performances on the European hourses yes-

A nervous Frankfurt was fully ex-posed to the impact of the volatile dol-lar/D-Mark exchange rate. Shares that benefited from the heady overseas huying earlier this year due to the strength of the dollar are now undergoing a major reappraisal and the Commerzhank index retreated a further 10.5 points to 1,405.8.

The export-oriented stocks suffered the most. Porsche dipped DM 15 after the previous session's DM 8 gain, to close at DM 1,320. The quality sports car group is now hack firmly in the middle of its trading range for the year while most of the other West German car makers are hovering at or near the higher end of their ranges. Daimler also en-countered some profit-taking and eased DM 8 to DM 842.50 ex-dividend.

Dollar-related fears were also evident in the chemicals sector as Degussa, which managed to resist the downturn in the previous session, dipped DM 4 to DM 367 while Schering retreated DM 3.50 to DM 478.

Banks were also easier with Commerzhank the latest to report profits fig-ures. Its strong first-half results had already been discounted by the market and the group slipped from its 1985 peak with a DM 3.50 fall to DM 223.50 while Dresdner lost DM 2.70 to DM 280.

One of the few hright spots of the session was the excellent performance of the iron and steel sector with Thyssen finding late support to close DM 1.70 higher at DM 116.70 and Klöckner managed a more rewarding DM 4.20 to DM 63. Hoesch recouped half of Monday's loss with a 10 pfg gain to DM 110.90.

Horten was the sole source of strength in weaker stores as it held unchanged at DM 184.

Bond prices moved within a 10 basis point range although most investors seemed more preoccupied with immi-nent summer bolidays.

The Bundesbank sold DM 4.50m in pa-

per against Monday's sales of DM 38.6m. Brussels, closed on Monday, returned with strong gains in chemical and oil stocks although the continuing political uncertainty diluted some of the bullish sentiment

Institutional buying bolstered Solvay BFr 105 to BFr 4,465 and in turn overflowed into other chemical issues with UCB firming BFr 10 to BFr 4,980.

Petrofina traded BFr 50 higher to BFr 5,610 in thin volume hut against a hackdrop of the Opec prices meeting in

Travel and tourism stock Wagons Lits suffered a BFr 70 decline to BFr 3,050. Oils proved to be a weak spot in Paris as position adjustments induced quiet

trading.

Elf Aquitaine plumbed new depths for the year with a FFr 2.30 drop to FFr 187.50 while Total slipped FFr 3 to FFr 207, also a new low for the year.

The recent cut in bank base rates proved to be a relatively small boon to sentiment.

Foreign investors, attracted hy the firmness of the Swiss franc, dominated a thin Zurich session. Sandoz snatched the prize for the best gain of the day although its SwFr 350 jump to SwFr 8,859 is set against a SwFr 200 drop on Mon-

Banks continued to offer some appeal to domestic and overseas buyers as the reporting season picked up steam. Union Bank, which announced healthy figures on Monday, gained SwFr 25 to SwFr 4,350, just below its 1965 high, while Swiss Volkshank, which released higher interims yesterday, beld steady

at SwFr 1,795.
Elsewhere, demand accumulated in transport and select industrials. Swissair moved to another high for the year with a SwFr 2 gain to SwFr 1,397.

Bond prices were quietly steady.
Internationals encountered some serious selling in an otherwise lacklustre
Amsterdam. Royal Dutch, caught in the
crossfire of the dollar's retreat and the Opec manoeuvres, dropped F1 3.60 to F1 194 while Philips slipped 10 cents to Fl 48.70. Unilever resisted the pace and finished 50 cents up at Fr 347.

Strong West German support for Hoogovens took the steel group F1 3.20

higher to Fl 85.80.

Slow trading in the bond market was attributed to pre-holiday lethargy.

Strong overseas huying huoyed Stockholm with Aga picking up SKr 3 to SKr 115 and SKF holding steady at its 1985 peak of SKr 230.

Net foreign, buying of Swedish shares in the first half of the year amounted to SKr 2.58hn and was largely concentrated on Electrolux, Volvo and Ericsson.

Profit-taking was evident in a quietly mixed Milan while Madrid declined

#### SINGAPORE

## **Speculatives** contribute to higher trend

PERSISTENT buying took shares higher in Singapore in the seventh consecutive session of gains. The Straits Times index rose 9.46 to 778.69 and turnover rose to 27.4m from 20.9m on Monday.

Speculative and low-priced issues attracted most attention, but a wave of profit-taking during the last half-hour of trading brought some stocks down from

their highs of the day.

Hopes remain high for cuts in corporate, personal and property taxes early next month.

In hanks, both Malayan Banking and OCBC gained 10 cents to \$\$5,85 and S\$8.65 respectively, while UOB was steady at S\$3.86 and OUB drifted 1 cent lower to S\$2.85.

Elsewhere, Hong Leong Finance added 8 cents to S\$2.44, Cold Storage 2 cents to S\$2.48 and Genting 5 cents to S\$5.95.

In speculative issues, United Motors rose 13 cents to S\$1.06 on a volume of 3.2m shares and Pahang Investments gained 3.5 cents to 64.5 cents with 2.6m. shares exchanged.

#### **AUSTRALIA**

FOREIGN institutional buying interest contributed to record highs in Sydney. Gold and metal stocks attracted investors who have pulled their funds out of South African miners.

The All Ordinaries index added 7.3 to a new peak of 933.6, while the All Industrials rose to a record 1,358.5, up 8.9. CRA was ahead 10 cents at A\$6.16, Western Mining 16 cents at A\$4.24 and Aberfoyle 15 cents at A\$11.25.

In golds, Central Norseman added 30 cents to A\$8.60, Kidston 25 cents to A\$4.65 and Renison 20 cents to A\$5.10.

#### CANADA

ACTIVE trading in Toronto enabled stocks to continue higher, sustaining the late spurt seen on Monday.

Provigo was most active, rising C\$1/2 to C\$25%. Other actives included Alcan Aluminium, up C\$% at C\$36%, Seagram C\$% higher at C\$58% and Falconhridge C\$1/2 ahead at C\$211/4.

Against the trend, Hiram Walker drifted CS% lower to C\$33%, Dome Petroleum 5 cents off at C\$2.75 and Royex Gold 1 cent down at C\$2.54.

#### TOKYO

## Pronounced shift to sidelines

INCREASINGLY concerned over higher prices, investors retreated to the sidelines in Tokyo yesterday to send share prices slightly lower, writes Shigeo N.shiwaki of Jiji Press.

The Nikkei-Dow market average fell 8.83 to 12,762.83. Volume increased to 482m shares from 383m the previous day. Declines outnumbered advances hy 487 to 316, with 147 issues unchanged.

The market lost steam because of investor caution against high price levels for issues related to the Government's investments and loans programme which have led market activity since the beginning of this month. Kumagai Gumi and other popular issues have risen by about 30 per cent in two weeks.

Sumitomo Heavy Industries topped the most active list with 26.49m shares traded. The issue gained Y10 at one stage, but closed at Y267, unchanged from the previous day.

Mitsubishi Metal, the second most active with 21.33m shares traded, scored a daily allowable gain of Y100 to Y886 at one stage, but came under profit-taking pressure later to close at Y675, up Y89. Buying interest was fuelled by reports that its wholly owned subsidiary had found a gold vein in Yamagata prefecture parth agents. ture, north-eastern Japan.

All Nippon Airways, also active, gained Y40 to Y738. But electric railways were generally cheaper, with Tokyu Cor-poration losing Y4 to Y541, Tohu Rail-way Y8 to Y390 and Keisei Electric Railway Y22 to Y443.

Issues related to the Government's fiscal investments and loans programme were mixed. Tekken Construction atracted persistent buying interest, rising Y29 to Y435. Kumagai Gumi advanced Y22 to Y835. But Taisei Corporation dipped Y3 to Y315.

Hitachi shed Y24 to Y885 on beavy. selling, triggered by reports that the company would curb semiconductor exports to the U.S. substantially in the current fiscal year. Fujitsu and NEC lost Y25 and Y6 to Y875 and Y929, respectively. Nippon Kogaku declined Y39 to Y954.

Biotechnology-related issues were sold, with Green Cross dropping Y100 to Y2,170, Dalichi Seiyaku Y70 to Y2,160 and Yamanouchi Pharmaceutical Y60 to

Tokio Marine and Fire added Y10 to Y1,030. The four leading securities companies were steady on forecasts of record recurring profits for the business year ending in September. Nomura gained Y10 to Y1,310.

Bond prices moved little, despite the yen's firmness. The yield on 6.8 per cent government bonds maturing in December 1994, fell to 6.280 per cent from the previous day's 8.290 per cent.

#### **HONG KONG**

PROFIT-TAKING set in as the Hong Kong market reacted to two weeks of fairly steady gains. Shares drifted lower and banks came under most pressure after recent interest rate cuts.

The Hang Seng index, which was close to a four-year high on Monday, lost 16 to end at 1673.85.

Bank of East Asia shed 60 cents to HK\$22, Hang Seng Bank lost 50 cents to HK\$45.50 and Hongkong Bank was 5

cents lower at HK\$7.55. Hutchison Whampoa, which has announced its intention to buy a 50 per cent stake in Ready Mixed Concrete. moved 50 cents lower to HK\$27.10, while Jardine Matheson gained 30 cents to

## Relocation. Clip the coupon and expect an argument.

TF YOU'RE THINKING of relocation you can expect a fair hit of argument. Which location will be best for the bottom line? Where will your staff be happy to live

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WHERE ARE THE PROFITS? Take the M4 and head west. If you're starting from London it'll take well under two hours to reach the Severn Bridge. As you cross the bridge something quite

remarkable will happen. Within a couple of miles rent, rates and start up costs will drop by around 30%. Companies like INMOS, Alcan, STC and

Plessey Marine didn't get where they are today by failing to recognise benefits like that. They're all doing very nicely in Newport. A FRESH START

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GETTING TO MARKETS Londoo, Birmingham and the South Coast are all under 2 hrs from Newport. The

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For the full story send the coupon to Gareth Isaac or Roger Davies, Borough of Newport, Civic Centre, Newport, Gwent NP94UR or ring 0633-56906. Expect a very powerful argument by return.

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